

# CITY OF ERLANGER, KENTUCKY

*Annual Comprehensive Financial Report  
Year Ending June 30, 2023*



**CITY OF ERLANGER, KENTUCKY**  
**ANNUAL COMPREHENSIVE**  
**FINANCIAL REPORT**  
**For the Year Ended June 30, 2023**

**Prepared by:**

**Finance Department**  
**City of Erlanger, Kentucky**

**CITY OF ERLANGER, KENTUCKY**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**For the Year Ended June 30, 2023**

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# INTRODUCTORY SECTION



November 30, 2023

Members of the City Council  
and Citizens of Erlanger, Kentucky

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Erlanger for the fiscal year ended June 30, 2023.

Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Erlanger has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Erlanger's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Erlanger's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Erlanger's basic financial statements have been audited by Chamberlin Owen Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City of Erlanger for the fiscal year ended June 30, 2023 are free of material misstatement. The independent audit involved examining, on test basis evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent accountant concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Erlanger's financial statements for the fiscal year ended June 30, 2023 are fairly presented in conformity with GAAP. The independent accountant's report is presented as the first component of the financial section of this report.

GAAP requires management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent accountant.

## **PROFILE OF THE GOVERNMENT**

Erlanger was incorporated in 1897 and is located in the northern part of the state. This region ranks as one of the top growth areas in Kentucky. The City currently encompasses approximately 8.48 square miles and has a population, as of the 2020 census, of 18,084. Erlanger is the third largest city in Kenton County and fourth largest in the three county Northern Kentucky region.

Geographically, Erlanger is located at the juncture of I-71/75 and I-275 and only minutes from the Cincinnati-Northern Kentucky International Airport. The City is bisected by Dixie Highway, US 25/42. Rail service is provided by the Norfolk-Southern Railroad, which has been a significant factor throughout Erlanger's history. Thus, Erlanger is at the center point of a complex of surface, rail and air transportation systems that connect the City to the region, the nation and the world.

Erlanger operates under a mayor-council form of government. Policy making and legislative authority are vested in the Mayor and a nine member City Council. The Mayor and Council are responsible for, among other things, passing ordinances and resolutions, adopting the budget, appointing committees and hiring all City employees. The City Administrator is responsible for carrying out the policies and ordinances of the Mayor and Council and for overseeing the daily operations of the City. The Mayor and Council are elected on a non-partisan basis. The Mayor is elected to a four-year term, while the City Council is elected to a two-year term. All of the City's officials are elected at large.

The annual budget serves as the foundation for the City of Erlanger's financial planning and control. All departments of the City of Erlanger are required to submit requests for appropriation to the City Administrator. The City Administrator uses these requests as a starting point for developing a proposed budget. The City Administrator and Finance Director presents this proposed budget to the Mayor for review. Mayor and City Administrator then present the budget to the City Council for review. Then, Mayor, City Council and City Staff hold a budget work session. The final budget is adopted by July 1. The appropriated budget is prepared by fund and department. Expenditures may not legally exceed budgeted appropriations at the department level. Any revisions to the budget that would alter total revenues and department expenditures of any fund must be approved by the City Council.

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of controls should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The City of Erlanger remains in good health and has established industry diversity with businesses. The local economy is comprised of a well-balanced blend of service, manufacturing, warehouse distribution, retail and other industries that support the City's main revenue source, employee withholding fees. Fortunately, Erlanger's size, location and proximity to major highway allows for strong employment, industrial, office and retail base. Erlanger is home to large businesses, such as; Wild Flavors, Atlas Air, Archer Daniels Midland Co, St. Elizabeth Healthcare, Toyota Boshoku America and Sun Behavioral Health.

The focus on financial management and economic development has established the City as a center of commerce in the Greater Cincinnati and Northern Kentucky region. Private investment and job growth continue in the city. Continuing efforts are paying dividends, and the City is experiencing successes from large to small, all of which are very important to our community.

The residential real estate market has shown fairly robust growth within the last few years. The Enclave at South Ridge, a high-quality subdivision located off Turkeyfoot Road, is expanding and building additional homes. Phase I is complete and building is currently in progress for Phase II.

Sherbourne subdivision is another community that continues to expand. Sherbourne offers a variety of open, spacious one and two-story new home plans. Furthermore, Southwick subdivision located off Narrows Road is a new residential development that includes townhomes, patio homes and two-story homes. The Drees Company is the primary developer of these communities.

Our business base is diversified, the number and type of housing options available to our residents continues to increase, and the quality of services provided to our residents and businesses remains high.

### **LONG-TERM FINANCIAL PLANNING**

During the City's budget process for fiscal year 2024, the Mayor, City Administrator, and Finance Director met with all departments. Each budget line was discussed to ensure city operations were maintained or improved within the new budget year. Items scheduled for purchase included two fully equipped police vehicles, ambulance remount, a vehicle for the Fire/EMS Department, and truck for the Public Works Department. In addition, the City budgeted over \$2.5 million to make street repairs and replacements and \$1,000,000 to update City parks.

The City also plans to build a new Public Works Facility. This new building is expected to be complete in late 2024 or early 2025.

### **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Erlanger for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the General Government Department. Credit also must be given to the Mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Erlanger finances.

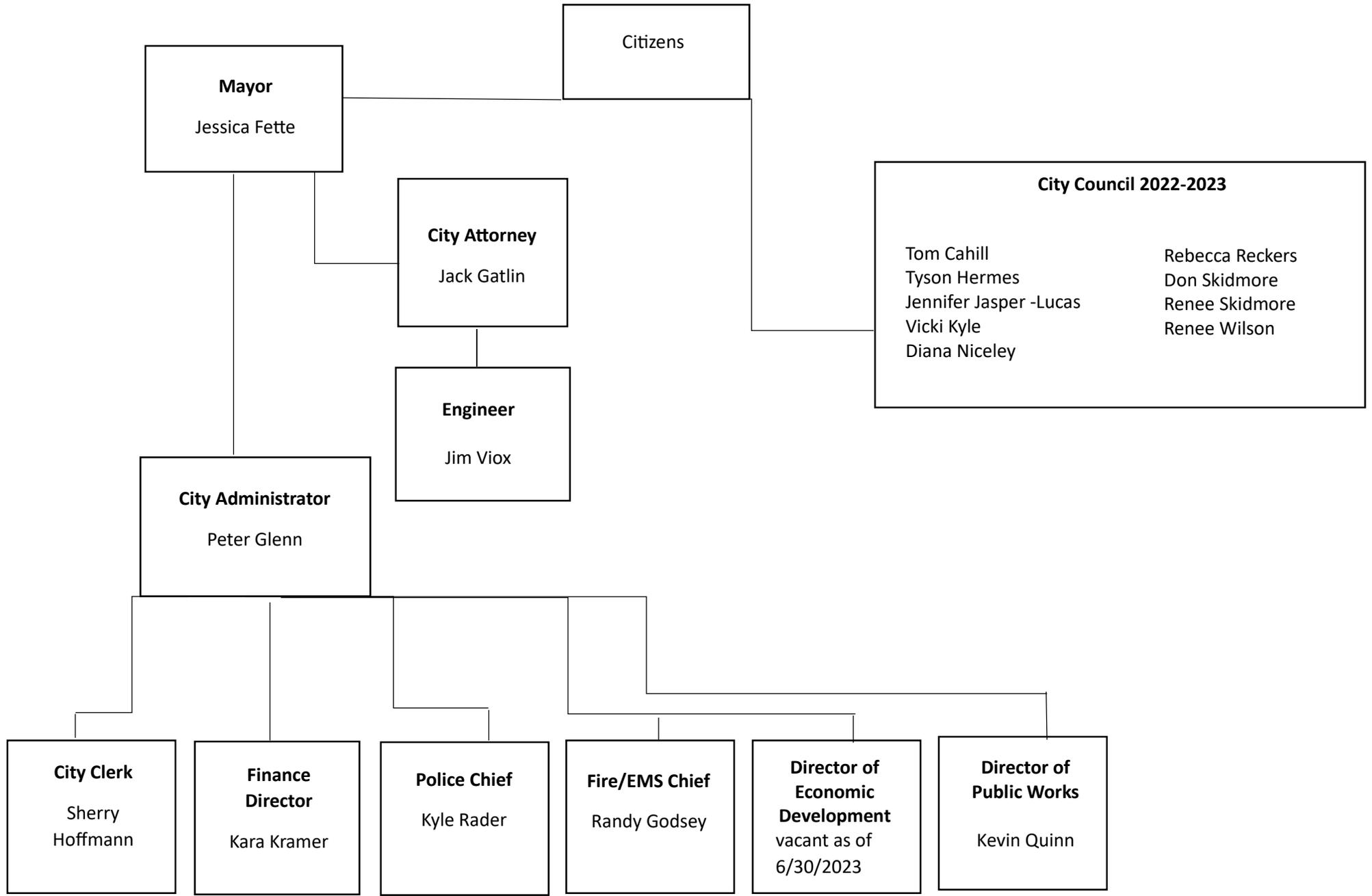
Respectfully submitted,

*Peter Glenn*

Peter Glenn  
City Administrator

*Kara Kramer*

Kara Kramer  
Finance Director



**CITY OF ERLANGER, KENTUCKY**  
**LIST OF PRINCIPAL OFFICIALS**

**MAYOR**

Jessica Fette

**MEMBERS OF CITY COUNCIL**

Tom Cahill  
Tyson Hermes  
Jennifer Jasper-Lucas  
Vicki Kyle  
Diana Niceley  
Rebecca Reckers  
Don Skidmore  
Renee Skidmore  
Renee Wilson

**CITY STAFF**

Peter Glenn  
City Administrator

Kara Kramer  
Finance Director

Sherry Hoffman  
City Clerk

Vacant as of June 30, 2023  
Human Resources Administrator

Vacant as of June 30, 2023  
Economic Development Director

Kyle Rader  
Chief of Police

Randy Godsey  
Fire/EMS Chief

Kevin Quinn  
Public Works Director

Jim White  
IT Director

Jack Gatlin  
City Attorney

James H. Viox, III  
City Engineer



**The Government Finance Officers Association of  
the United States and Canada**

*presents this*

## **AWARD OF FINANCIAL REPORTING ACHIEVEMENT**

*to*

**Finance Department**  
City of Erlanger, Kentucky



*The Award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the department or individual designated as instrumental in the government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.*

Executive Director

*Christopher P. Morrill*

Date: 7/10/2023

# FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and  
Members of the Council of the  
City of Erlanger, Kentucky**

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Erlanger, Kentucky, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Erlanger, Kentucky's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Erlanger, Kentucky as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with accounting standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Erlanger, Kentucky and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Erlanger, Kentucky's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Erlanger, Kentucky's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Erlanger, Kentucky's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, major fund budgetary comparison schedules, and *Multiple Employer, Cost Sharing, Defined Benefit Pension and OPEB Plan* disclosures be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Erlanger, Kentucky's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of the City of Erlanger, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Erlanger, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Erlanger, Kentucky's internal control over financial reporting and compliance.

*Chamberlin Owen & Co., Inc.*

**Chamberlin Owen, & Co., Inc.**

Erlanger, Kentucky  
November 30, 2023

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## **CITY OF ERLANGER, KENTUCKY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Year Ended June 30, 2023**

As management of the City of Erlanger, Kentucky, we offer readers of the City's financial statements this narrative overview as an analysis of the financial activities of the City of Erlanger, Kentucky, for the year ended June 30, 2023. We encourage readers to consider the information in conjunction with the letter of transmittal, which can be found on pages 1 - 4 of this report.

#### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 21 and 22) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 23. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.

#### **Reporting the City as a Whole**

##### **Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the most recent year by \$26,323,328 (net position).
- The net effect on the Statement of Net Position of the Pension and Other Post-Employment Benefits (OPEB) liabilities, and their related deferred outflows and inflows, is a (\$30,918,985) liability. This is \$550,165 smaller than the liability for the year ended June 30, 2022.
- The City's total net position of governmental activities increased \$6,117,714 this year.
- As of June 30, 2023, the City's governmental funds reported a combined ending fund balance of \$24,383,602, an increase of \$3,702,618 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,983,147 a decrease of \$11,550,095 from fiscal year 2022. This is due to the Resilience fund of \$5,000,000 that City Council adopted for financial statements ending June 30, 2023.
- The City's total debt decreased by (99,474) due to the payment of principal on outstanding debt and net changes in compensated absences.

## The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the City's finances is "Is the City as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net position* and changes in them. You can think of the City's net position, the difference between assets and deferred outflows, liabilities and deferred inflows of resources, what the taxpayers owe as a way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, such as changes in the City's property tax base, franchise fee base, and the condition of the City's capital assets (roads, buildings, equipment and sidewalks) to assess the *overall health* of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities:** most of the City's basic services are reported here, including the police, fire/emergency medical services, public works, information technology and general administration. Payroll license fees, insurance license fees, property taxes and gross receipts license fees finance most of these activities.
- **Business-type activities:** The City has no business type activities. The City's dental and vision insurance fund is maintained as an internal service fund, but the assets and liabilities of that fund are incorporated into governmental activities on the Statement of Net Position and the Statement of Activities.

## Reporting the City's Most Significant Funds

### Fund Financial Statements

Our analyses of the City's major funds begin on page 23 and provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes other funds to help it control and manage money for particular purposes. The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

*Governmental funds:* Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation beside the fund financial statements.

The City maintains two individual governmental funds all of which are considered major funds. These are the General Fund and the Capital Asset Fund. The City maintains three non- major funds which are Police Forfeitures Fund, Park Improvement Fund and the Tax Increment Financing Fund (TIF). Information is presented separately in the Governmental Balance Sheet and in the Statement of Revenues, Expenditures and Changes in Fund Balance for the funds. The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental financial statements can be found on pages 23 – 25 of this report.

*Proprietary Fund:* Internal service funds are an accounting device to accumulate and allocate costs internally among the City’s various functions. The City uses an internal service fund to account for its dental and vision insurance costs. The basic internal service fund financial statements can be found on pages 26 – 28 of this report.

*Notes to the financial statements:* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 – 52 of this report.

*Other information:* In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information. The budgetary comparison and pension schedules can be found on pages 53 – 63 of this report.

## THE CITY AS A WHOLE

The Statement of Net Position presents information on all of the City of Erlanger’s assets and liabilities, with the differences between the two reported as net position. For the year ended June 30, 2023, net position was stated as follows:

### Net Position

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
Current assets	\$ 27,942,589	\$ 25,168,128
Capital assets	33,166,106	33,166,106
Total assets	<u>61,108,695</u>	<u>58,334,234</u>
Deferred outflows of resources	8,489,420	9,389,201
Total assets and deferred outflows of resources	<u>69,598,115</u>	<u>67,723,435</u>
Long-term liabilities	33,443,833	35,026,085
Other liabilities	3,816,514	4,467,394
Total liabilities	<u>37,260,347</u>	<u>39,493,479</u>
Deferred inflows of resources	5,964,572	6,221,354
Total liabilities and deferred inflows of resources	<u>43,224,919</u>	<u>45,714,833</u>
Net investment in capital assets	33,203,303	33,029,168
Restricted	535,267	648,956
Unrestricted	(7,365,374)	(11,669,522)
Total net assets	<u>\$ 26,373,196</u>	<u>\$ 22,008,602</u>

The City's total net position of governmental activities increased \$5,044,919. Additionally, a prior period adjustment of \$1,811,106 was made to remove accumulated depreciation of infrastructure assets which had been removed in prior years. The net position amount included a \$897,316 non-cash, actuarial expense for the pension and other post-employment health insurance benefits unfunded liability, and a \$1,940,767 non-cash depreciation expense.

### Governmental Activities

Governmental activities of the City of Erlanger during FY2022 as summarized on the following chart:

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
Revenues:		
Program revenues:		
Charges for services	\$ 3,904,490	\$ 2,551,817
Operating grants	2,491,381	3,639,780
Capital grants	995	7,560
General revenues:		
Property taxes	4,947,118	4,516,610
Payroll license fees	9,331,964	8,376,606
Occupational license	1,504,895	1,644,346
Insurance premium tax	4,361,770	4,068,599
Francise fees	42,224	320,240
Other licenses, fees	897,413	968,277
Other	-	(237,974)
Total revenues	<u>27,482,250</u>	<u>25,855,861</u>
Expenses:		
General government	2,573,532	2,780,377
Information systems	357,130	348,997
Police	7,845,737	7,648,479
Fire	6,292,242	6,155,266
Public works	4,291,093	3,870,973
Interest on debt	4,801	6,850
Total expenses	<u>21,364,535</u>	<u>20,810,942</u>
Increase in net position before transfers	6,117,714	5,044,919
Transfers	-	-
Increase in net position	<u>6,117,714</u>	<u>5,044,919</u>
Net position-Beginning	22,008,602	15,152,577
Prior period adjustment	(1,753,120)	1,811,106
Net position-End of year	<u>\$ 26,373,196</u>	<u>\$ 22,008,602</u>

- Revenues for the City's governmental activities totaled \$27,482,250 compared to \$25,855,861 last year.
- Payroll licenses totaled \$9,331,964 or 34% of the total revenues. This was an increase of \$1,387,299.
- Property taxes totaled \$4,947,118 or 18% of total revenues compared to the previous year of 19.8%.
- Insurance premiums, accounted for \$4,361,770 which was a increase \$293,171 compared to fiscal year 2022 for a 7.2% increase.

- Charges for services totaled \$3,904,490 and accounted for 14% of total revenues. This amount represents an increase of \$1,352,673 from fiscal year 2022.
- This year's total expenses for the City's governmental activities were \$21,364,535 compared to \$20,810,942 last year, a decrease of 2.6%.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on revenues, expenditures, and net spendable resources.

The General Fund is the main operating fund of the City. As of June 30, 2023, the City's governmental funds reported combined ending fund balance of \$24,433,470, an increase of \$3,752,486 from the prior year. The General Fund decreased \$1,963,569 during FY2023. Key factors are as follows:

- The General Fund transferred \$5,900,000 to the Capital Fund due to the building of the new Public Works Facility.
- Payroll taxes increased for the fiscal year and produced results stronger than originally anticipated.
- The American Rescue Plan Act (ARPA Funding) provided the second tranche of \$1,285,810 to cover all salaries and benefits of all employees.

The Capital Improvement Fund increased \$5,829,745 during FY 2023. This included a transfer of \$5,900,000 for infrastructure projects. Like the General Fund, the apportionment of payroll taxes (33%) produced results stronger than originally anticipated. Total revenue for the Capital Improvement Fund outpaced the actual expenditures.

There was an overall net increase in the governmental fund balance. Of this \$24,433,471 total fund balance, the unassigned balance is \$4,983,147.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the City Council revised the General Fund budget four times.

The first amendment, the City updated the Capital Fund budget due to purchasing a vehicle for the Public Works Department. The vehicle was previously budgeted in FY 2022 however; due to supply issues the vehicle did not come in in FY 2022 and was rolled in FY 2023. Additionally, the Park Fund was amended due to weather delays and supply chain issues the Silverlake Park Project was delayed. A total of \$250,000 was reallocated to FY 2023 budget.

The second amendment, the City Council transferred \$5,000,000 to the Capital Fund. This was a request by a Council Member to secure money for the Police, Fire and Public Works capital outlay.

The third amendment was due to reorganization of the City Codes Department and additional \$2,000,000 transfer from General Fund to Capital Fund due to the construction of the Public Works Facility. Previously, this was under General Government and moved to Public Works.

The final amendment was to move the \$5,000,000 transfer from Capital Fund back to the General Fund. With this amendment there was additional discussion creating the Resilience Fund. The Resilience Fund was established by the City of Erlanger for the purpose of providing funds for an urgent event that affects the safety of the public (e.g., declaration of economic emergency, or other specific circumstances such as slow economic growth or a natural disaster, such as flood,

tornado, etc.) for unexpected revenue declines that are projected to continue for more than 2 years.

The minimum level of the Resilience Fund balance is \$5,000,000 of the most current fiscal year expenditures. The Resilience Fund Balance is accounted for as committed funds on the City's audited financial statements. This policy shall become effective for the June 30, 2023, audited financial statements.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2023, the City had \$33,166,107 invested in governmental net capital assets including police and fire equipment, buildings, park facilities, roads and sidewalks. This represents a net increase of \$713,486 from 2021. This increase is due to the investment in street projects, replacement of police vehicles and City equipment.

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
Land & construction in progress	\$ 7,780,733	\$ 7,202,726
Buildings	8,548,711	9,975,244
Improvements/infrastructure	29,463,682	25,322,151
Equipment/Furniture & Fixtures	1,945,618	2,320,065
Vehicles	5,421,833	5,318,313
Subtotals	<u>53,160,577</u>	<u>50,138,499</u>
Accumulated depreciation	<u>(19,872,846)</u>	<u>(16,972,392)</u>
Net Assets	<u><u>\$ 33,287,731</u></u>	<u><u>\$ 33,166,107</u></u>

This year's major additions and deletions included:

Purchases of land and construction in progress	\$ 1,729,821
Improvements to buildings	-
Purchases of vehicles and equipment	531,112
Infrastructure projects for streets	2,914,343
Net depreciation added	(2,900,452)
Disposal of vehicles, equipment, and infrastructure	(1,001,386)
Completed construction in progress	<u>(1,151,814)</u>
Net change	<u><u>\$ 121,624</u></u>

For additional information concerning the City's capital assets, please refer to Note E of the financial statements.

## Debt

The City's total long-term debt for governmental activities decreased by \$54,474 during the fiscal year. As of June 30, 2023, the City has paid off the General Obligation Public Project Bonds – Series 2008. At year-end, the City had \$551,444 compensated absences.

That is a decrease of 9% as shown in the following table.

	Governmental Activities	
	2023	2022
Compensated absences PTO	\$ 551,444	\$ 525,917
GO Public Project Bonds - 2008	-	80,000
	<u>\$ 551,444</u>	<u>\$ 605,917</u>

For additional information concerning the City's debt, please refer to Note F of the financial statements, as well as Note J for information regarding the unfunded pension obligations.

## NEXT YEAR'S BUDGET

During the budget planning for FY 2024, revenue projections remained conservative. The budgeted expenditures continue to build on the progress we have set in advancing economic growth, public safety, community parks and the delivery of city services that enhance our residents' quality of life. In addition to maintaining the City's financial stability for FY 2024, the City focused on two primary objectives: Employee recruitment/retention and continuing to rebuild and improve public infrastructure.

Employees are the lifeblood of the City. They provide all of the essential services for the community. A well-trained and qualified workforce is critical to developing and maintaining a high quality of life for the citizens of Erlanger. The City continues, as most cities throughout the nation, to be confronted with significant recruitment and retention challenges. In order to be successful in keeping our quality employees, we must remain competitive in salaries and benefits.

- The COLA increase as reported by the U.S. Department of Labor was 6.5% and the wage scale has been adjusted by this amount.
- Each department was asked to closely review its current compensation philosophy and to adjust based on performance. The average overall increase was 7%.
- Total city-wide payroll and fringe benefits for FY 2024 is estimated at \$15.8 million or 80% of the General Fund Budget.

Significant projects budgeted include the construction of the new Public Works Facility, over \$2.8 million in improving city streets, replacing two police administration vehicles, an ambulance remount, a Public Works truck with a snow plow and \$1 million in park improvements.

The City's unassigned General Fund balance has grown to a very healthy balance of \$15,535,313. The City has developed a team-oriented management approach which has allowed for close control and effective use of our taxpayers' dollars.

The City's elected officials and management team remain confident in the City's high level of service delivery to our citizens and believe our business community will continue to grow through fiscal year 2024 and for many years beyond.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance at 505 Commonwealth Avenue, Erlanger, Kentucky.

**CITY OF ERLANGER, KENTUCKY**  
**STATEMENT OF NET POSITION**  
**June 30, 2023**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 19,451,832
Investments	4,316,066
Receivables:	
Property taxes	920,167
Accounts	2,873,255
Prepaid items	209,776
Capital assets:	
Capital assets not being depreciated	7,780,733
Other capital assets, net	25,506,998
<b>Total Assets</b>	<u>61,058,827</u>
<b>Deferred Outflows of Resources</b>	
Deferred charges - refunding loss	-
Deferred outflows related to pensions and OPEB	8,489,420
<b>Total Deferred Outflows of Resources</b>	<u>8,489,420</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>69,548,247</u>
<b>Liabilities</b>	
Accounts payable	1,313,287
Accrued liabilities	664,080
Accrued interest payable	1,893
Unearned Revenue -ARPA	1,285,810
Noncurrent liabilities:	
Compensated absences long term portion	551,444
Net pension and OPEB liability	33,443,833
<b>Total Liabilities</b>	<u>37,260,347</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflow related to pensions and OPEB	5,964,572
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>43,224,919</u>
<b>Net Position</b>	
Net investment in capital assets	33,203,303
Restricted for police equipment	535,267
Unrestricted	(7,415,242)
<b>Total Net Position</b>	<u>\$ 26,323,328</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF ERLANGER, KENTUCKY**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
<b>Primary government:</b>					
<b>Governmental activities:</b>					
General government	\$ 2,573,532	\$ 1,359,658	\$ 148,508	\$ -	\$ (1,065,366)
Information systems	357,130	-	-	-	(357,130)
Police	7,845,738	795,456	1,229,086	-	(5,821,197)
Fire/EMS	6,292,242	1,416,140	548,957	-	(4,327,145)
Public works	4,291,093	333,235	564,830	995	(3,392,033)
Interest on long-term debt	4,801	-	-	-	(4,801)
<b>Total governmental activities</b>	<u>21,364,537</u>	<u>3,904,490</u>	<u>2,491,381</u>	<u>995</u>	<u>(14,967,671)</u>
<b>Total primary government</b>	<u>\$ 21,364,537</u>	<u>\$ 3,904,490</u>	<u>\$ 2,491,381</u>	<u>\$ 995</u>	<u>(14,967,671)</u>
<b>General revenues:</b>					
Taxes:					
Property taxes for general purposes					4,897,250
Public service taxes					42,224
Licenses:					
Occupational					1,504,895
Payroll					9,331,964
Insurance premium					4,361,770
Investment earnings					765,084
Miscellaneous					132,330
<b>Total general revenues and transfers</b>					<u>21,035,517</u>
<b>Change in net position</b>					6,067,846
<b>Net position - beginning of year</b>					22,008,602
<b>Prior period adjustment</b>					(1,753,120)
<b>Net position - ending of year</b>					<u>\$ 26,323,328</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF ERLANGER, KENTUCKY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2023**

	General	Capital Assets Fund	Non-Major Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 10,603,506	\$ 8,179,150	\$ 597,608	\$ 19,380,264
Investments	4,316,066	-	-	4,316,066
Receivables:				
Taxes	160,588	759,579	-	920,167
Accounts	2,872,846	-	-	2,872,846
Prepays	209,776	-	-	209,776
<b>Total Assets</b>	<b>\$ 18,162,782</b>	<b>\$ 8,938,729</b>	<b>\$ 597,608</b>	<b>\$ 27,699,119</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 625,239	\$ 625,707	\$ 62,341	\$ 1,313,287
Accrued liabilities	664,080	-	-	664,080
Unearned revenue - property taxes	52,340	-	-	52,340
Unearned revenue - ARPA	1,285,810	-	-	1,285,810
<b>Total Liabilities</b>	<b>2,627,469</b>	<b>625,707</b>	<b>62,341</b>	<b>3,315,517</b>
<b>Fund Balances:</b>				
Nonspendable	209,776	-	-	209,776
Restricted	-	-	535,267	535,267
Committed for:				
Emergency reserves	5,392,258	-	-	5,392,258
Resilience Fund	5,000,000	-	-	5,000,000
Capital Asset Fund	-	8,313,022	-	8,313,022
Unassigned	4,933,279	-	-	4,933,279
<b>Total Fund Balances</b>	<b>15,535,313</b>	<b>8,313,022</b>	<b>535,267</b>	<b>24,383,602</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 18,162,782</b>	<b>\$ 8,938,729</b>	<b>\$ 597,608</b>	<b>\$ 27,699,119</b>
Total governmental fund balances				\$ 24,383,602
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets of \$53,160,577 used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of (\$19,872,846)				33,287,731
Other liabilities, consisting of property taxes that are not available to be recognized in current-period revenues, are therefore deferred in the funds				52,340
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore not reportable in the funds:				
Deferred outflow of resources				8,489,420
Deferred inflow of resources				(5,964,572)
Costs of issuance of debt (prepaid insurance) and bond refunding losses are expensed for governmental funds, but are carried as deferred charges in the statement of net position				-
An internal service fund is used by management to charge certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service fund must be added to the statement of net position				71,977
Accrued interest payable on long-term debt				(1,893)
Long-term liabilities, including bonds payable, capital leases, compensated absences, and net pension liability are not due and payable in current period and therefore are not reported in the funds				(33,995,277)
<b>Net position of governmental activities</b>				<b>\$ 26,323,328</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF ERLANGER, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2023**

	<u>General</u>	<u>Capital Assets Fund</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Taxes	\$ 4,432,158	\$ -	\$ 550,000	\$ 4,982,158
Licenses and permits	12,854,401	3,204,718	87,172	16,146,291
Intergovernmental	2,515,718	995	-	2,516,713
Charges for services	1,030,009	-	-	1,030,009
Fines and forfeitures	37,708	-	73,827	111,535
Interest	765,084	-	-	765,084
Uses of property	47,983	25,120	-	73,103
Miscellaneous	177,696	-	-	177,696
<b>Total Revenues</b>	<u>21,860,757</u>	<u>3,230,833</u>	<u>710,999</u>	<u>25,802,589</u>
<b>Expenditures</b>				
Current:				
General government	2,398,871	-	-	2,398,871
Information systems	351,809	-	-	351,809
Police	6,819,900	-	42,152	6,862,052
Fire/EMS	5,433,344	-	-	5,433,344
Public works	2,888,850	-	60,163	2,949,013
Capital outlay		3,301,088	722,374	4,023,462
Debt service:				
Principal	80,000	-	-	80,000
Interest	1,420	-	-	1,420
<b>Total Expenditures</b>	<u>17,974,194</u>	<u>3,301,088</u>	<u>824,689</u>	<u>22,099,971</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,886,563</u>	<u>(70,255)</u>	<u>(113,690)</u>	<u>3,702,618</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	5,900,000	-	5,900,000
Transfers out	(5,900,000)	-	-	(5,900,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(5,900,000)</u>	<u>5,900,000</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(2,013,437)</u>	<u>5,829,745</u>	<u>(113,690)</u>	<u>3,702,618</u>
<b>Fund Balances - Beginning</b>	<u>17,548,750</u>	<u>2,483,277</u>	<u>648,957</u>	<u>20,680,984</u>
<b>Fund Balances - Ending</b>	<u>\$ 15,535,313</u>	<u>\$ 8,313,022</u>	<u>\$ 535,267</u>	<u>\$ 24,383,602</u>

The accompanying notes are an integral part of these financial statements.

<p><b>CITY OF ERLANGER, KENTUCKY</b>  <b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,</b>  <b>AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO</b>  <b>THE STATEMENT OF ACTIVITIES</b>  <b>For the Year Ended June 30, 2023</b></p>
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<b>Net change in fund balances - total governmental funds</b>	<b>\$ 3,702,618</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense:	
Capital asset additions	4,023,462
Loss on disposal of assets	(45,365)
Depreciation expense	(2,103,352)
Revenues in the statement of activities that do not provide current financial resources are fully deferred in the funds.	(42,684)
Repayment of bond and lease principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.	80,000
Government funds report the effect of prepaid insurance and bond refunding loss when the debt is issued, these amounts are deferred and amortized in statement of activities.	(1,964)
Governmental funds report pension contributions as expenditures, however, in the statement of activities, the cost of the pension benefits earned, net of employer contributions, is reported as pension expense:	
Costs of benefits earned - pensions	930,972
Costs of benefits earned - OPEB	(380,807)
Accrued interest on long-term debt is reported in the government-wide financial statements and not reported in the governmental funds. This is the change in interest accrued through year end.	(1,417)
An internal service fund is used by management to charge the costs of certain activities, such as health and dental insurance to individual funds. The net revenues (expenses) of the internal service fund are reported with governmental activities.	(68,090)
Some expenses reported in the statement of activities do not require the use of current financial and therefore are not reported as expenditures in governmental funds, such as compensated absences.	(25,527)
<b>Change in net position of governmental activities</b>	<b>\$ 6,067,846</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF ERLANGER, KENTUCKY**  
**STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUND**  
**June 30, 2023**

	<b>Governmental Activities</b>
	<b>Internal Service Fund - Health and Dental</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 71,568
Receivables	409
<b>Total Assets</b>	<b>71,977</b>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	-
<b>Total Liabilities</b>	<b>-</b>
<b>Net Position</b>	
Unrestricted	71,977
<b>Total Net Position</b>	<b>\$ 71,977</b>

The accompanying notes are an integral part of these financial statements.

<b>CITY OF ERLANGER, KENTUCKY</b> <b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION</b> <b>INTERNAL SERVICE FUND</b> <b>For the Year Ended June 30, 2023</b>
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	<b>Governmental Activities</b>
	<b>Internal Service Fund - Health and Dental</b>
<b>Operating Revenues</b>	
Charges for services:	
Health insurance premium fees	\$ 1,713,664
Other income	4,179
<b>Total Operating Revenues</b>	<u>1,717,843</u>
<b>Operating Expenses</b>	
Claims paid	1,603,201
HRA	182,732
<b>Total Operating Expenses</b>	<u>1,785,933</u>
<b>Net Operating Income (Loss)</b>	(68,090)
Transfer in	-
Transfer out	-
<b>Net Income</b>	(68,090)
<b>Net Position - Beginning Of Year</b>	<u>140,067</u>
<b>Net Position - End Of Year</b>	<u>\$ 71,977</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF ERLANGER, KENTUCKY**  
**STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUND**  
**For the Year Ended June 30, 2023**

	<b>Governmental Activities</b>
	<b>Internal Service Fund - Health and Dental</b>
<b>Cash flows from operating activities</b>	
Cash received from interfund services provided	\$ 1,719,593
Cash paid to suppliers	(1,785,933)
Cash transferred out to the General Fund	-
<b>Net change in cash from operating activities</b>	<u>(66,340)</u>
<b>Net change in cash</b>	(66,340)
<b>Cash and Cash equivalents- beginning of year</b>	<u>137,908</u>
<b>Cash and Cash equivalents- end of year</b>	<u>\$ 71,568</u>
<b>Reconciliation of operating income to net change in cash from operating activities:</b>	
Operating income	\$ (68,090)
Adjustments to reconcile operating income to net change in cash from operating activities:	
Cash transferred out to the general fund	-
Changes in assets and liabilities:	
Receivables	1,750
Accounts payable	-
<b>Net change in cash from operating activities</b>	<u>\$ (66,340)</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF ERLANGER, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Erlanger, Kentucky have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City are described below.

**REPORTING City** – The City of Erlanger, Kentucky is a municipality governed by a mayor and twelve-member council. As defined by GAAP and established by GASB, the financial reporting entity consists of the primary government (The City of Erlanger, Kentucky as legally defined). Potential component units were considered for inclusion in the financial reporting entity. Component units are separate organizations for which the elected officials of the primary government would be financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board and either a) the ability to impose its will is held by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. A component unit which is fiscally dependent upon the primary government even when the primary government does not have a voting majority of the component unit's board is also to be included in the statements of the primary government.

The City does not have any component units to be included in its financial report.

**BASIS OF PRESENTATION**

***Government-Wide Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The only business-type activities are the City's Internal Service Fund. The City has no fiduciary activities or blended or discretely presented component units.

The statement of activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internal activity with the Health and Dental Fund is eliminated in the statement of activities.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than as an expenditure.

<p><b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2023</b></p>
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***Fund Financial Statements***

Separate financial statements are provided for governmental funds and proprietary funds. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The City uses funds to report on its financial position and the result of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

**Governmental funds** are those through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The City's major governmental funds are as follows:

*General Fund* – The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

*Police Forfeiture Fund (Special Revenue Fund)* – The Police Forfeiture Fund, established by Kentucky state law, is derived from drug forfeitures that must be expended for police equipment and supplies. By definition, the Police Forfeiture Fund is a Special Revenue Fund as it is used to account for and report the proceeds of specific revenue sources that are restricted to expenditures for specific purposes other than debt service or capital projects.

*Tax Increment Financing Fund (TIF) (Special Revenue Fund)* – The TIF Fund, established through enabling legislation, creates a "development area" to be known as the *Erlanger Road Commerce Center*. This Special Fund was set up to encourage reinvestment and development within the area and to pledge a portion of the "incremental revenues" generated from the development and to provide redevelopment assistance and provide payment of project costs; including infrastructure and site development costs.

*Capital Assets Fund (Capital Project Fund)* – The Capital Assets Fund, established through enabling legislation, is to be used to account for and report financial resources that are internally committed to expenditure for capital outlays, including collecting and providing funding for new or replacement capital assets and/or infrastructure employed by the City.

*Park Improvement Fund (Special Revenue Fund)* – The Park Improvement Fund, established through enabling legislation, is to be used for the ongoing development of new and existing parks. Currently, Erlanger has twelve (12) existing parks outlined in the Master Park Plan. The City will follow the Master Park Plan to guide the project selection and prioritization. Three primary objectives are (1) address repairs and replacement to preserve existing infrastructure, (2) address repairs and replacement to comply with safety, health and code requirements and (3) improve park deficient areas.

**CITY OF ERLANGER, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**Proprietary funds** are used to account for the City's ongoing activities that are similar to those found in the private sector where the intent of the governing body is that the cost of providing goods and services to the general public be financed or recovered primarily through user charges. The government reports the following proprietary funds:

*Internal Service Fund – Health and Dental* – The City's Internal Service Fund accounts for the activities of the government's self-insurance function for dental and vision insurance. The net position of this fund is included in the Statement of Net Position and the net income of the fund is accounted for, by functional area in proportion to salary expense, in the Statement of Activities.

**BASIS OF ACCOUNTING** - The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, license fees and interest are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

Property taxes, license fees, interest and other revenues associated with current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. No allowance for doubtful accounts is required as of June 30, 2023.

Proprietary fund – internal service fund – is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet.

Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The accrual basis of accounting is utilized by the proprietary fund types. Under this method, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred.

**CASH AND CASH EQUIVALENTS** - Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an initial maturity date within three months of the date acquired by the City.

**CITY OF ERLANGER, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

The City is authorized by state statute to invest in:

1. Obligations of the United States and of its agencies and instrumentalities
2. Certificates of deposits
3. Banker's acceptances
4. Commercial paper
5. Bonds of other state or local governments
6. Mutual funds

**PROPERTY TAXES AND TAX CALENDAR** – Property taxes are levied as of January 1 on property values assessed as of the same date. The taxes are billed on approximately October 1 and are due and payable on December 31. On January 1 the bill becomes delinquent, and penalties and interest may be assessed by the City. A lien may be placed on the property on January 1. Property tax rates for the year ended June 30, 2023 were \$0.301 per \$100 valuation for real property and \$0.296 per \$100 valuation for personal property. The assessed value of property on which the 2022 tax levy was based was \$1,418,525,556 for real property and \$112,310,524 for personal property.

**PREPAIDS** – Payments made to vendors for services that will benefit periods reported as prepaid items under the purchase method.

**INTERFUND ACTIVITY AND ADVANCE RECEIVABLE** – Reciprocal interfund activity includes interfund loans – amounts provided with a requirement for repayment, reported as interfund receivables and payables in the respective funds and interfund services provided and used – sales and purchases of goods and services between funds for a price approximating their external exchange value, recorded as revenues and expenses in the respective funds. Unpaid amounts would be reported as receivables and payables in the respective funds. Nonreciprocal interfund activity includes interfund transfers – flows of assets without equivalent flows of assets in return and interfund reimbursements – repayments by the responsible fund.

**CAPITAL ASSETS** – General capital assets are those assets not specifically related to activities in the proprietary fund. These assets are reported in the governmental activities' column of the government-wide statement of net position. Capital assets used by the proprietary fund are reported in the business-type activities column of the government-wide statement of net position.

The accounting and reporting treatment applied to capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide financial statements. Generally, capitalizable items with a cost of \$10,000 or more and two years of useful life are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical costs, or where historical cost is not available, estimated historical cost based on replacement cost. Prior to July 1, 2001, governmental funds infrastructure assets had not previously been capitalized. The City has opted to not retroactively report its major general infrastructure assets. Infrastructure assets (starting July 1, 2001) have been valued at cost.

<p><b>CITY OF ERLANGER, KENTUCKY</b>  <b>NOTES TO THE FINANCIAL STATEMENTS</b>  <b>Year Ended June 30, 2023</b></p>
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Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The range of lives used for depreciation purposes for each capital asset class is as follows:

Buildings	40	years
Building Improvements/public domain infrastructure	10-25	years
Equipment	3-7	years
Furniture and fixtures	3-7	years
Vehicles	5	years

**COMPENSATED ABSENCES** – The City reports compensated absences in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. It is the government’s policy to permit employees to accumulate earned, but unused vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the government funds only if they have matured; for example, as a result of employee resignations and retirements. The general fund has typically been used to liquidate compensated absences as they become due and payable.

**LONG-TERM OBLIGATIONS** – The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest as expenditures. The accounting for long-term debt of the proprietary fund is the same in the fund statements as it is in the government-wide statements.

**PENSIONS** – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the County Employee Retirement System (CERS) and additions to/deductions from CERS’ fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**OTHER POST-EMPLOYMENT BENEFITS (OPEB), HEALTH INSURANCE** – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the County Employee Retirement System (CERS) and additions to/deductions from CERS’ fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**NET POSITION** – Net position represents the difference between assets and deferred outflows less liabilities and deferred inflows. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as

**CITY OF ERLANGER, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**FUND EQUITY** – In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources.

*Non-spendable fund balance* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form – long-term receivables and prepaid items; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

*Restricted fund balance* – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – These amounts can only be used for specific purposes to constraints imposed by formal ordinances of the City Council (the government’s highest level of decision-making authority). Those committed amounts cannot be used for any other purposes unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

- *Resilience Fund* - The Resilience Fund has been established by the City of Erlanger for the purpose of providing funds for an urgent event that affects the safety of the public (e.g., declaration of economic emergency, or other specific circumstances such as slow economic growth or a natural disaster, such as flood, tornado, etc.) for unexpected revenue declines that are projected to continue for more than 2 years.

The minimum level of the Resilience Fund balance is \$5,000,000 of the most current fiscal year expenditures. The Resilience Fund Balance is accounted for as committed funds on the City’s audited financial statements. This policy shall become effective for the June 30, 2023, audited financial statements.

All requests for use of or an addition to the General Fund Resilience Fund Balance shall be included in the budget presented by the Mayor and approved by the City Council.

*Assigned fund balance* – This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes but are neither restricted nor committed. The City Council and City Administrator have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

*Unassigned fund balance* – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds. The City Council has set a General Fund minimum fund balance target at 30% of expenditures and recurring transfers. No other fund balance policies exist.

**CITY OF ERLANGER, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources – committed, assigned and unassigned – in order as needed. The City has no outstanding encumbrances as of June 30, 2023.

**ESTIMATES AND UNCERTAINTIES** – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. In accordance with City ordinance, by May 15<sup>th</sup>, the City Administrative Officer submits to the Mayor and Council, a proposed operating budget on the modified accrual basis of accounting for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- B. A public meeting is conducted to obtain citizen comment.
- C. Prior to June 30, the budget is legally enacted through passage of an ordinance.
- D. The City Administrator is required by Kentucky Revised Statutes to present a quarterly report to the Mayor and Council explaining any variance from the approved budget.
- E. Appropriations continue in effect until a new budget is adopted.
- F. The Council authorizes supplemental appropriations during the year.

Expenditures may not legally exceed budgeted appropriations at the department level. Any revisions to the budget that would alter total revenues and expenditures of any fund must be approved by the Council; however, with proper approval by the Council, budgetary transfers between departments can be made. The Council adopted two supplementary appropriation ordinances. All appropriations lapse at fiscal year-end. Annual budgets are adopted on a basis consistent with GAAP.

*Deficit net position* – No funds of the City ended the fiscal year in a deficit net position.

**NOTE C – DEPOSITS AND INVESTMENTS**

*Custodial Credit Risk – Deposits* – For deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned. As allowed by law, the depository bank must pledge securities in addition to FDIC insurance at least equal to the amount on deposit at all times. The City's deposit policy maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). The City's bank balances are entirely insured or collateralized with securities held by the financial institution in the City's behalf, as required by state legal requirements.

<p><b>CITY OF ERLANGER, KENTUCKY</b>  <b>NOTES TO THE FINANCIAL STATEMENTS</b>  <b>Year Ended June 30, 2023</b></p>
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The City held the following investments as of June 30, 2023:

	Fair Value	Weighted Average to Maturity (years)
Cash	\$ 19,215,729	-
Certificates of deposit	235,711	0.02
Government bonds	4,271,712	3.68
	<u>\$ 23,723,152</u>	
Portfolio weighted average maturity		3.68

Interest rate risk – In accordance with the City’s investment policy, interest rate risk is minimized by investing in public funds with the highest rate of return with the maximum security of principal. Investments are undertaken in a manner that seeks to ensure preservation of capital in the portfolio.

**NOTE D – INTERFUND RECEIVABLES AND PAYABLES**

There were no interfund balances as of June 30, 2023. Interfund transfers for the year ended June 30, 2023, consisted of the following:

	Transfers In	Transfers Out
General Fund	\$ -	\$ (5,900,000)
Capital Assets Fund	5,900,000	-
	<u>\$ 5,900,000</u>	<u>\$ (5,900,000)</u>

Transfers are used to move funds from the fund that statute or budget requires such funds to be received into to the fund that statute or budget requires such funds to be disbursed from. Transfers are also used to move unrestricted funds collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to fund from which it was originally provided once a project is completed.

**CITY OF ERLANGER, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**NOTE E – CAPITAL ASSETS AND DEPRECIATION**

Capital assets activity for governmental activities for the year ended June 30, 2023 is as follows:

	<u>June 30, 2022</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Retirements/ Reclassifications</u>	<u>June 30, 2023</u>
<b>Governmental activities:</b>					
Assets not being depreciated					
Land	\$ 5,968,395	\$ -	\$ -	\$ -	\$ 5,968,395
Construction in progress	1,234,331	1,729,821	-	(1,151,814)	1,812,338
	<u>7,202,726</u>	<u>1,729,821</u>	<u>-</u>	<u>(1,151,814)</u>	<u>7,780,733</u>
Other capital assets					
Buildings	9,975,244	462,706	(1,785,389)	(103,850)	8,548,711
Improvements/infrastructure	25,322,151	2,451,637	1,904,032	(214,138)	29,463,682
Equipment	2,083,509	138,082	(118,642)	(393,887)	1,709,062
Furniture and fixtures	236,556	-	-	-	236,556
Vehicles	5,318,312	393,030	-	(289,509)	5,421,833
Subtotal	<u>42,935,772</u>	<u>3,445,455</u>	<u>1</u>	<u>(1,001,384)</u>	<u>45,379,844</u>
Accumulated depreciation					
Buildings	(5,287,715)	(246,673)	139,652	-	(5,394,736)
Improvements/infrastructure	(6,143,640)	(1,147,715)	(1,358,291)	80,799	(8,568,847)
Equipment	(1,626,016)	(163,928)	(30,797)	192,428	(1,628,313)
Furniture and fixtures	(236,556)	-	-	393,887	157,331
Vehicles	(3,678,465)	(545,036)	(503,686)	288,906	(4,438,281)
Subtotal	<u>(16,972,392)</u>	<u>(2,103,352)</u>	<u>(1,753,122)</u>	<u>956,021</u>	<u>(19,872,846)</u>
Other capital assets, less depreciation	<u>25,963,380</u>	<u>1,342,103</u>	<u>(1,753,121)</u>	<u>(45,363)</u>	<u>25,506,999</u>
<b>Capital assets, net</b>	<u><b>\$ 38,281,282</b></u>	<u><b>\$ 3,071,924</b></u>	<u><b>\$ (1,753,121)</b></u>	<u><b>\$ (1,197,177)</b></u>	<u><b>\$ 33,287,731</b></u>

Depreciation was charged to the following governmental activities:

<u>Activity</u>	<u>Depreciation</u>
General government	\$ 128,611
Information systems	15,378
Police	300,212
Fire & EMS	408,953
Public safety	1,250,198
Current year governmental activity depreciation expense	<u><u>\$ 2,103,352</u></u>

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2023</b>
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**NOTE F – LONG-TERM OBLIGATIONS**

*General Obligation Public Project Bonds – Series 2008*

On January 8, 2008, the City issued General Obligation Bonds, Series 2008 in the amount of \$2,150,000. The proceeds were used for general public projects in the City. Coupon rates vary from 3.00% to 3.55%. The issue calls for semi-annual interest payments on May 1 and November 1 and principal payments on November 1. This Bond was paid in full during the current fiscal year.

A summary of the changes in the long-term debt obligations is as follows:

	Balance at June 30, 2022	Additions	Retirements	Balance at June 30, 2023	Current Portion
<b>Governmental activities -</b>					
Compenstated absences	\$ 525,917	\$ 398,118	\$ (372,592)	\$ 551,443	\$ 148,568
General obligation public project bonds - Series 2008	80,000	-	(80,000)	-	-
<b>Total governmental activities</b>	<b>\$ 605,917</b>	<b>\$ 398,118</b>	<b>\$ (452,592)</b>	<b>\$ 551,443</b>	<b>\$ 148,568</b>

**NOTE G – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

Governmental fund balances as of June 30, 2023, consist of the following:

	General Fund	Capital Assets	Police Forfeiture	Park Improvement	TIF Fund	Total
Nonspendable - Prepaid items	\$ 209,776	\$ -	\$ -	\$ -	\$ -	\$ 209,776
Restricted	-	-	60,037	314,456	160,774	535,267
Committed	5,392,258	8,313,022				13,705,280
Resilience Fund	5,000,000	-	-	-	-	5,000,000
Unassigned	4,983,147	-	-	-	-	4,983,147
<b>Total Fund Balance</b>	<b>\$ 15,585,181</b>	<b>\$ 8,313,022</b>	<b>\$ 60,037</b>	<b>\$ 314,456</b>	<b>\$ 160,774</b>	<b>\$ 24,433,470</b>

<p><b>CITY OF ERLANGER, KENTUCKY</b>  <b>NOTES TO THE FINANCIAL STATEMENTS</b>  <b>Year Ended June 30, 2023</b></p>
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**NOTE H – OPERATING LEASES**

The City is obligated under certain leases accounted for as operating leases. Minor lease expenses in fiscal year 2023, in the aggregate, totaled \$74,613. The City has considered each of these leases in relation to GASB 84 and the leases are either 1.) annually renewable or 2.) immaterial and not recognized as assets available for use.

Additionally, the City has several subscription-based information technology arrangements (SBITA). The total amount for SBITA in fiscal year 2023 totaled \$149,299. The City has considered each of these information technology arrangements in relation to GASB 96, and the information technology arrangements are either 1.) annually renewable or 2.) immaterial and not recognized as assets available for use.

**NOTE I – COUNTY EMPLOYEES’ RETIREMENT SYSTEM**

*Plan description* – City employees are covered by CERS (County Employees’ Retirement System), a cost-sharing multiple-employer defined benefit pension and health insurance (Other Post-Employment Benefits; OPEB) plan administered by the Kentucky Public Pension Authority, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (“KRS”) Section 61.645, the Board of Trustees of the Kentucky Public Pension Authority administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Public Pension Authority issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

The Plan is divided into both a **Pension Plan** and **Health Insurance Fund Plan** (Other Post-Employment Benefits; OPEB) and each Plan is further sub-divided based on **Non-Hazardous** duty and **Hazardous** duty covered-employee classifications. The City has both *Non-Hazardous* and *Hazardous Duty* employees.

Membership in CERS consisted of the following at June 30, 2022:

	Non-Hazardous		Non-Hazardous	
	Pension	OPEB	Pension	OPEB
Active Plan Members	77,367	76,946	9,173	9,109
Inactive Plan Members	100,738	28,719	2,895	883
Retired Members	67,206	37,584	10,858	7,655
	<u>245,311</u>	<u>143,249</u>	<u>22,926</u>	<u>17,647</u>
Number of participating employers		<u>1,141</u>		<u>260</u>

<p><b>CITY OF ERLANGER, KENTUCKY</b>  <b>NOTES TO THE FINANCIAL STATEMENTS</b>  <b>Year Ended June 30, 2023</b></p>
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**PENSION PLAN**

**Non-Hazardous Pension Plan Description**

*Benefits Provided* – CERS provides retirement, health insurance, death and disability benefits to Non-Hazardous duty Plan employees and beneficiaries. Employees are vested in the plan after five years of service. For retirement purposes, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old or age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years of service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

*Contributions* – Required pension plan contributions by the employee are based on the tier:

	<u>Required Contribution</u>
Tier 1	5%
Tier 2	5%
Tier 3	5%

<p><b>CITY OF ERLANGER, KENTUCKY</b>  <b>NOTES TO THE FINANCIAL STATEMENTS</b>  <b>Year Ended June 30, 2023</b></p>
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**Hazardous Pension Plan Description**

*Benefits Provided* – CERS provides retirement, health insurance, death and disability benefits to Hazardous duty Plan employees and beneficiaries. Employees are vested in the plan after five years of service.

For retirement purposes, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	At least one month of hazardous duty service credit and 55 years old, or any age with 20 years of service.
	Reduced retirement	15 years service and 50 years old
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years of hazardous duty service credit and 60 years old or any age with 25 years of service.
	Reduced retirement	15 years service and 50 years old
Tier 3	Participation date	On or after January 1, 2014
	Unreduced retirement	At least 5 years of hazardous duty service credit and 60 years old or 25 or more years of service, with no age requirement
	Reduced retirement	Not available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years of service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months or service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate or pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

*Contributions* – Required pension plan contributions by the employee are based on the tier:

	<u>Required Contribution</u>
Tier 1	8%
Tier 2	8%
Tier 3	8%

**Contributions**

For non-hazardous duty employees, the City contributed 26.79% of covered-employee's compensation, of which 23.40% was for the pension fund and 3.39% was for the health insurance fund.

For hazardous duty employees, the City contributed 49.59% of covered-employee's compensation, of which 42.81% was for the pension fund and 6.78% was for the health insurance fund.

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2023</b>
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The City made all required contributions for the non-hazardous Plan pension obligation for the fiscal year in the amount of \$570,174, of which \$498,024 was for the pension fund and \$72,150 was for the health insurance fund.

The City made all required contributions for the hazardous Plan pension obligation for the fiscal year in the amount of \$2,902,038, of which \$2,505,268 was for the pension fund and \$396,770 was for the health insurance fund.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

At June 30, 2023, the City reported a liability of \$26,171,653 (\$4,914,500 for the non-hazardous plan and \$21,257,153 for the hazardous duty Plan) as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension Plan relative to the projected contributions of all participating entities, actuarially determined. At the June 30, 2022 measurement year, the City's non-hazardous employer allocation proportion was 0.0679% of the total CERS non-hazardous duty employees and the hazardous employer allocation proportion was 0.6966% of the total CERS hazardous duty employees. For the year ended June 30, 2023, the City recognized a pension benefit of \$930,971 in addition to its \$3,003,292 pension contribution.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Non-Hazardous		Hazardous		Total	
	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ 5,254	\$ (43,766)	\$ 609,480	\$ -	\$ 614,734	\$ (43,766)
Net difference between projected and actual earnings on plan investments	125,990	-	490,981	-	616,971	-
Changes of assumptions	-	-	-	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	112,869	(341,490)	1,412,043	(2,584,896)	1,524,912	(2,926,386)
Contributions subsequent to the measurement date	498,024	-	2,505,268	-	3,003,292	-
	<u>\$ 742,137</u>	<u>\$ (385,256)</u>	<u>\$5,017,772</u>	<u>\$ (2,584,896)</u>	<u>\$ 5,759,909</u>	<u>\$ (2,970,152)</u>

<p><b>CITY OF ERLANGER, KENTUCKY</b>  <b>NOTES TO THE FINANCIAL STATEMENTS</b>  <b>Year Ended June 30, 2023</b></p>
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The City’s contributions subsequent to the measurement date of \$3,003,292 will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ending June 30,	Net Deferral
2023	\$ 127,840
2024	(134,502)
2025	(659,769)
2026	452,897
2027	-
Thereafter	-
	<u>\$ (213,534)</u>

**Actuarial Methods and Assumptions for Determining the Total Pension Liability and Net Pension Liability**

For financial reporting, the actuarial valuation as of June 30, 2022, was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability, and sensitivity information as of June 30, 2022 were based on an actuarial valuation date of June 30, 2021. The total pension liability was rolled forward from the valuation date (June 30, 2021) to the plan’s fiscal year ending date of June 30, 2022, using generally accepted actuarial principles.

There have been no actuarial assumption or method changes since June 30, 2021. Additionally, there have been no plan provision changes that would materially impact the total pension liability since June 30, 2012.

House Bill 1 passed during the 2022 legislative session and included a provision that provided an approximate 8% across-the-board salary increase for KERS members effective July 1, 2022, for eligible State employees. While this salary increase may produce an actuarial loss with respect to the liability attributable to Tier 1 and Tier 2 active members (i.e., a higher total pension liability than expected based on current actuarial assumptions), there was not sufficient information available at the time the roll forward Total Pension Liability was calculated to make a reasonable adjustment to reflect these anticipated salary increases. It is GRS’s opinion that these procedures for determining the information contained in this report are reasonable, appropriate, and comply with applicable requirements under GASB No. 68.

The actuarial assumptions for CERS Non-Hazardous and CERS Hazardous plans are as follows:

Valuation Date	June 30, 2020
Experience Study	July 1, 2013 to June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years closed period at June 30, 2019; gains and losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized

<p><b>CITY OF ERLANGER, KENTUCKY</b>  <b>NOTES TO THE FINANCIAL STATEMENTS</b>  <b>Year Ended June 30, 2023</b></p>
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Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service for Non-Hazardous 3.55% to 19.05% varies by service for Hazardous
Investment Rate of Return	6.25%
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

The mortality table used for active members was a Pub-2010 General Mortality table, for the Non-Hazardous System, and the Pub-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

**Changes of Assumptions**

There have been no changes in actuarial assumptions since June 30, 2021.

**Discount Rate**

The projection of cash flows used to determine the discount rate of 6.25% for CERS Non-hazardous and CERS Hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute, as amended by House Bill 362, (passed in 2018) over the remaining 29 years (closed) amortization period of the unfunded actuarial accrued liability.

**Plan Target Allocation**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	CERS Pensions (Haz & Non-Haz) Target Allocation	Long Term Expected Nominal Return
Public equity	50.00%	4.45%
Private equity	10.00%	10.15%
Core bonds	10.00%	28.00%
Specialty credit / high yield	10.00%	2.28%
Cash	0.00%	-0.91%
Real estate	7.00%	3.67%
Real return	13.00%	4.07%
Expected Real Return	100.00%	4.28%
Long-Term Inflation Assumption		2.30%
Expected Nominal Return fro Portfolio		6.58%

<p><b>CITY OF ERLANGER, KENTUCKY</b>  <b>NOTES TO THE FINANCIAL STATEMENTS</b>  <b>Year Ended June 30, 2023</b></p>
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**Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 6.25 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

	Proportionate Share of Net Pension Liability		
	1% Decrease	Current Rate	1% Increase
	5.25%	6.25%	7.25%
Non-hazardous	\$ 6,142,516	\$ 4,914,500	\$ 3,898,830
Hazardous	26,479,263	21,257,153	17,004,067
Total	<u>32,621,779</u>	<u>26,171,653</u>	<u>20,902,897</u>

**HEALTH INSURANCE – OTHER POST-EMPLOYMENT BENEFITS**

**Non-Hazardous OPEB Plan Description**

*Benefits Provided* – CERS provides retirement, health insurance, death and disability benefits to non-hazardous duty plan employees and beneficiaries. Health insurance coverage is provided through payment/partial payment of insurance premiums for both non-Medicare-eligible and Medicare-eligible retirees.

Tier 1	Participation date	Before July 1, 2003
	Benefit eligibility	Recipient of a retirement allowance
	Percentage of member premium paid by the plan	< 4 years service - 0% 4-9 years service - 25% 10-14 years service - 50% 15-19 years service - 75% 20 or more years service - 100%
Tier 2	Participation date	July 1, 2003 - August 31, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 120 months of service at retirement
	Member premium paid by the plan	\$10/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2016, the contribution was \$12.99 per month.
Tier 3	Participation date	On or after September 1, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 180 months of service at retirement
	Member premium paid by the plan	\$10/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2016, the contribution was \$12.99 per month.

<p><b>CITY OF ERLANGER, KENTUCKY</b>  <b>NOTES TO THE FINANCIAL STATEMENTS</b>  <b>Year Ended June 30, 2023</b></p>
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*Contributions* – Required health insurance plan contributions by the employee are based on the tier:

	<u>Required Contribution</u>
Tier 1	None
Tier 2	1%
Tier 3	1%

**Hazardous OPEB Plan Description**

*Benefits Provided* – CERS provides retirement, health insurance, death and disability benefits to hazardous duty plan employees and beneficiaries. Health insurance coverage is provided through payment/partial payment of insurance premiums for both non-Medicare-eligible and Medicare-eligible retirees.

Tier 1	Participation date	Before July 1, 2003
	Benefit eligibility	Recipient of a retirement allowance
	Percentage of member premium paid by the plan	< 4 years service - 0% 4-9 years service - 25% 10-14 years service - 50% 15-19 years service - 75% 20 or more years service - 100%
Tier 2	Participation date	July 1, 2003 - August 31, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 120 months of service at retirement
	Member premium paid by the plan	\$15/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2018, the contribution was \$20.07 per month.
Tier 3	Participation date	On or after September 1, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 180 months of service at retirement
	Member premium paid by the plan	\$15/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2018, the contribution was \$20.07 per month.

*Contributions* – Required health insurance plan contributions by the employee are based on the tier:

	<u>Required Contribution</u>
Tier 1	None
Tier 2	1%
Tier 3	1%

**CITY OF ERLANGER, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**Contributions**

Contribution requirements for covered employees and participating governmental entities are established and may be amended by the KPPA Trustees.

For non-hazardous employees, the City contributed 5.78% of covered employees' compensation for the health insurance fund.

For hazardous duty employees, the City contributed 10.47% of covered employees' compensation for the health insurance fund.

The City made all required contributions for the non-hazardous Plan OPEB obligation for the fiscal year in the amount of \$72,150.

The City made all required contributions for the hazardous Plan OPEB obligation for the fiscal year in the amount of \$396,770.

These contributions are actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2023, the City recognized OPEB expense of \$380,807 in addition to its \$468,920 OPEB contribution.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2023, the City reported a liability of \$7,272,180 as its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB Plan relative to the projected contributions of all governmental entities, actuarially determined. At the June 30, 2022 measurement year, the City's non-hazardous employer allocation proportion was 0.0679% of the total CERS non-hazardous duty employees and the hazardous employer allocation proportion was 0.6963% of the total CERS hazardous duty employees.

<p><b>CITY OF ERLANGER, KENTUCKY</b>  <b>NOTES TO THE FINANCIAL STATEMENTS</b>  <b>Year Ended June 30, 2023</b></p>
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In addition, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Non-Hazardous		Hazardous		Total	
	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ 135,025	\$ (307,618)	\$ 131,044	\$ (351,253)	\$ 266,069	\$ (658,871)
Net difference between projected and actual earnings on plan investments	54,445	-	216,469	-	270,914	-
Changes of assumptions	212,154	(174,814)	990,017	(1,020,472)	1,202,171	(1,195,286)
Changes in proportion and differences between contributions and proportionate share of contributions	45,927	(263,117)	475,509	(877,146)	521,436	(1,140,263)
Contributions subsequent to the measurement date	72,150	-	396,770	-	468,920	-
	<u>\$ 519,701</u>	<u>\$ (745,549)</u>	<u>\$ 2,209,809</u>	<u>\$ (2,248,871)</u>	<u>\$ 2,729,510</u>	<u>\$ (2,994,420)</u>

The City's contributions subsequent to the measurement date of \$468,920 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Year Ending June 30,	Net Deferral
2023	\$ (109,976)
2024	(95,531)
2025	(245,250)
2026	41,696
2027	(324,769)
Thereafter	-
	<u>\$ (733,830)</u>

<p><b>CITY OF ERLANGER, KENTUCKY</b>  <b>NOTES TO THE FINANCIAL STATEMENTS</b>  <b>Year Ended June 30, 2023</b></p>
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**Actuarial Assumptions**

For financial reporting, the actuarial valuation as of June 30, 2022, was performed by Gabriel Roeder Smith (GRS). The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2022, were based on an actuarial valuation date of June 30, 2021. The total OPEB liability was rolled-forward from the valuation date (June 30, 2021) to the plan's fiscal year ending date of June 30, 2022, using the generally accepted actuarial principles.

The actuarial assumptions for CERS Non-Hazardous and CERS Hazardous plans are as follows:

Valuation Date	June 30, 2020
Experience Study	July 1, 2013 to June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years closed period at June 30, 2019; gains and losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service for Non-hazardous 3.55% to 19.05% varies by service for Hazardous
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre - 65	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post - 65	Initial trend starting at 9.00% in 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Nonhazardous Systems, and the PUB2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non- disabled)	System-specific mortality table based on mortality experience 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

**CITY OF ERLANGER, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

The single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2021, valuation process and was updated to better reflect the plan's anticipated long-term healthcare costs. There were no other material assumption changes.

Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003, by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable on January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA.

**Changes of Assumptions**

The discount rates used to calculate the total OPEB liability increased from 5.20% to 5.70% for the non-hazardous Plan and from 5.05% to 5.61% for the hazardous Plan. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2022 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. There were no other material assumption changes.

**Discount Rate**

Single discount rates of 5.70% for CERS Nonhazardous and 5.61% for CERS Hazardous systems were used to measure the total OPEB liability as of June 30, 2022. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25%, and a municipal bond rate of 3.69%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plan trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2023</b>
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**Plan Target Allocation**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	CERS Pensions (Haz & Non-Haz) Target Allocation	Long Term Expected Nominal Return
Public equity	50.00%	4.45%
Private equity	10.00%	10.15%
Core bonds	10.00%	0.28%
Specialty credit / high yield	10.00%	2.28%
Cash	0.00%	-0.91%
Real estate	7.00%	3.67%
Real return	13.00%	4.07%
Expected Real Return	100.00%	4.28%
Long-Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

**Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the proportionate share of the net OPEB liability calculated using the discount rates of 5.70% for the non-hazardous Plan and 5.61% for the hazardous Plan, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Discount Rate, Non-Hazardous	4.70%	5.70%	6.70%
Net OPEB liability, Non-Haz	\$ 1,793,261	\$ 1,341,417	\$ 967,893
Discount Rate, Hazardous	4.61%	5.61%	6.61%
Net OPEB liability, Haz	\$ 8,240,618	\$ 5,930,763	\$ 4,054,729
Total	\$ 10,033,879	\$ 7,272,180	\$ 5,022,622

**Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the proportionate share of the net OPEB liability, as well as what the proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Healthcare cost trend rate			
Net OPEB liability, non-hazardous	\$ 997,314	\$ 1,341,417	\$ 1,754,620
Net OPEB liability, hazardous	4,141,377	30,763	8,111,928
Total	\$ 5,138,691	\$ 1,372,180	\$ 9,866,548

**CITY OF ERLANGER, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**Plan Fiduciary Net Position**

Both the Pension Plan and the Health Insurance Plan issue publicly available financial report that include financial statements and required supplementary information, and detailed information about each Plan's fiduciary net position. These reports may be obtained, in writing, from the Kentucky Public Pension Authority, 1260 Louisville Road, Perimeter Park West, Frankfort, Kentucky, 40601 or online at [www.kyret.ky.gov](http://www.kyret.ky.gov).

**NOTE J – RISK MANAGEMENT**

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. To obtain insurance for workers' compensation and general liability coverage, the City participates in the Kentucky Employers Mutual Insurance (KEMI). This public City operates as a common risk management and insurance program for municipalities. The City pays an annual premium to Kentucky League of Cities Insurance Services (KLCIS) for its general insurance and liability coverage. KLCIS is self-sustaining through member premiums and will reinsure through a commercial company for claims in excess of \$10 million for each insured event. The City has effectively managed risk through various employee education and prevention programs.

The City continues to carry commercial insurance for all other risks or loss including accidental insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The City Attorney estimates that the amount of actual or potential claims against the City as of June 30, 2023, will not materially affect the financial condition of the City. Therefore, the General Fund reports no provision for estimated claims. No claim has exceeded insurance coverage amounts in the past three fiscal years.

The City established a Health and Dental Self-Insurance Fund. Until June 1, 2010, employees could elect to participate in this program or certain other medical insurance programs offered by the City for their health, dental and vision coverage. Under this program, the first \$40,000 of a participant's medical, dental or visions claims were payable by the self-insurance fund. The City purchased insurance for claims in excess of coverage provided by the fund. All departments of the City participated in the program and made payments to the medical self-insurance fund based on historical estimates of the amounts needed to pay prior and current year claims. As of June 1, 2010, the City elected to close the medical self-insurance plan and to fully insure employee health insurance through the State of Kentucky plan. However, dental and vision coverage were still included in the self-insurance fund. During FY 2016, the City elected to close the remaining portion on the self-insurance internal service fund and transfer all assets and liabilities of the fund to the General Fund. In July 2017, this fund was reactivated to include health, vision and dental coverage.

<p><b>CITY OF ERLANGER, KENTUCKY</b>  <b>NOTES TO THE FINANCIAL STATEMENTS</b>  <b>Year Ended June 30, 2023</b></p>
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The claims liability of \$71,978 reported as of June 20, 2023, is based upon requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. Changes in the claims liability amount during the years ended June 30, 2016 through 2023 are as follows:

Year ended June 30,:	Beginning of Year	Premiums and Income	Claims Payments	End of Year
2023	\$ 140,068	\$ 1,717,843	\$ 1,785,933	\$ 71,978
2022	146,443	1,498,520	1,504,895	140,068
2021	82,683	1,641,731	1,577,971	146,443
2020	92,588	2,204,562	2,214,467	82,683
2019	1,253	1,744,795	1,653,460	92,588
2018	34,432	1,405,346	1,438,525	1,253
2017	-	505,240	470,808	34,432
2016	3,655	817	4,472	-

The General Fund contains no provision for estimated legal claims. No claim has exceeded insurance coverage amounts in the past three fiscal years.

On the Government-wide Statement of Activities, the City recognizes, by functional area, both the expense (\$1,785,933) in governmental activities and the revenue (\$1,717,843) in charges for services of the internal service fund.

**NOTE K – CONDUIT DEBT OBLIGATION**

In October 2019, the City entered into an agreement with a developer to issue 2017A City of Erlanger Industrial Revenue Bonds in amount of \$35,000,000, 2018A City of Erlanger Industrial Revenue Bonds in the amount of \$18,000,000 and 2018B City of Erlanger Industrial Revenue Bonds in the amount of \$22,000,000 to provide financial assistance to a private-sector developer for the construction of the Erlanger Commerce Center Project within the City. The bonds are secured by the properties financed and are payable solely from the developer. Neither the City nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements. As of June 30, 2023, the 2017A, 2018A and 2018B had outstanding principal amount totaling \$60,708,836. The breakdown is as follows:

2017A	\$ 25,003,836
2018A	16,204,000
<u>2018B</u>	<u>19,471,000</u>
<u>Total</u>	<u>\$ 60,708,836</u>

**NOTE L – COMMITMENTS AND CONTIGENCIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal or state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**CITY OF ERLANGER, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the government.

**NOTE M – TAX ABATEMENTS**

In accordance with GASB 77, the City had the following tax abatements for the fiscal year ended June 30, 2023:

Tax Payer	Tax Approved for Abatement	Authority	Commitment	Amount Abated this Fiscal Year	Date Abatement Ends
AHS	Occupational License Fee	Erlanger Development Growth & Employment Program	10 Years	\$ 33,448	December 2030
Arlinghaus HVAC	Occupational License Fee	Erlanger Development Growth & Employment Program	10 Years	\$ 30,874	December 2027
Atlas Air	Occupational License Fee	Erlanger Development Growth & Employment Program	10 Years	\$ 86,343	December 2030
Disabled American Veterans	Occupational License Fee	Erlanger Development Growth & Employment Program	10 Years	\$ 60,356	December 2031
Dynamic Catholic Inst.	Occupational License Fee	Erlanger Development Growth & Employment Program	10 Years	\$ 20,564	December 2024
Furlong Building Enterprises	Occupational License Fee	Erlanger Development Growth & Employment Program	10 Years	\$ 6,059	December 2027
St. Elizabeth Healthcare	Occupational License Fee	Erlanger Development Growth & Employment Program	10 Years	\$ 161,652	December 2028
Toyota Boshoku	Occupational License Fee	Erlanger Development Growth & Employment Program	10 Years	\$ 67,179	December 2027
Total Abatement for the Year Ended June 30, 2023				<u>\$ 466,475</u>	

**CITY OF ERLANGER, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**NOTE N – COVID-19 GLOBAL PANDEMIC**

The primary effects on the City from the COVID-19 Global Pandemic has been a reduction in payroll and occupational license tax revenue received and an increase in unbudgeted expenses for personal protective equipment. City management is unsure of a timeline for when, or if, these revenues and expenses will return to pre-pandemic levels. The 2023-24 fiscal year budget has been passed to incorporate the effects of the pandemic on the revenues and expenses.

**NOTE O – CARES ACT FUNDING**

In response to the COVID-19 Global Pandemic, the City has qualified and been approved for \$2,640,517 in Federal CARES Act funding passed through the Commonwealth of Kentucky's Department for Local Government. In FY 2023, the City recognized \$1,285,810 as revenue. This funding has been designated to reimburse the City for payroll expenses for public safety employees during the pandemic. In FY 2023, the City recognized \$1,285,810 as revenue.

**NOTE P – IMPLEMENTATION OF NEW ACCOUNTING STANDARDS**

Statement No. 91 – Conduit Debt Obligations – Implementation in FY 2023 – This Standard has no impact on the City.

Statement No. 94 – Public-Private and Public-Public Partnerships – FY 2023 – This Standard has no impact on the City.

Statement No. 96 – Subscription-Based Information Technology Arrangements – FY 2023 – This Standard has no impact on the City.

Statement No. 99 – Omnibus 2020 – FY 2023 – This Standard affected a portion of Statements No. 87, 91, 94, and 96.

**NOTE Q – FUTURE ACCOUNTING STANDARDS**

Statement No. 100 – Accounting Changes and Error Corrections – Implementation in FY 2024

Statement No. 101 – Compensated Absences – Implementation in FY 2024

**NOTE R – SUBSEQUENT EVENTS**

Management has evaluated events through November 30, 2023, the date on which the financial statements were available for issue. The City had no events subsequent to June 30, 2023 through November 30, 2023 to disclose.

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REQUIRED SUPPLEMENTARY  
INFORMATION

**CITY OF ERLANGER, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts			Actual Amounts	Variance Positive (Negative)
	Original	Amendments	Final		
<b>Budgetary fund balance, July 1</b>	\$ 15,115,631	\$ 2,433,119	\$ 17,548,750	\$ 17,548,750	\$ -
<b>Resources (inflows):</b>					
Property taxes	4,329,869	152,157	4,482,026	4,432,158	(49,868)
Licenses and permits:	10,655,467	2,198,934	12,854,401	12,854,401	-
Intergovernmental	3,617,343	(1,101,625)	2,515,718	2,515,718	-
Charges for services	726,161	303,848	1,030,009	1,030,009	-
Fines and forfeitures	18,000	19,708	37,708	37,708	-
Interest, net of changes in investments	90,000	675,084	765,084	765,084	-
Uses of property	47,768	215	47,983	47,983	-
Miscellaneous	5,000	172,696	177,696	177,696	-
Transfers in	-	-	-	-	-
<b>Amounts available for appropriation</b>	<u>34,605,239</u>	<u>4,854,136</u>	<u>39,459,375</u>	<u>39,409,507</u>	<u>(49,868)</u>
<b>Charges to appropriations (outflows):</b>					
General government	2,945,579	(546,708)	2,398,871	2,398,871	-
Information systems	366,486	(14,677)	351,809	351,809	-
Police	7,143,771	(323,871)	6,819,900	6,819,900	-
Fire/EMS	5,548,093	(114,749)	5,433,344	5,433,344	-
Public works	3,132,262	(243,412)	2,888,850	2,888,850	-
Debt service and other bond costs	81,420	-	81,420	81,420	-
Transfers out	10,900,000	(5,000,000)	5,900,000	5,900,000	-
<b>Total charges to appropriation</b>	<u>30,117,611</u>	<u>(6,243,417)</u>	<u>23,874,194</u>	<u>23,874,194</u>	<u>-</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ 4,487,628</u>	<u>\$ 11,097,553</u>	<u>\$ 15,585,181</u>	<u>\$ 15,535,313</u>	<u>\$ (49,868)</u>

The Budgetary Comparison Schedule is presented on a modified accrual budgetary basis.

**CITY OF ERLANGER, KENTUCKY**  
**MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT PENSION PLAN DISCLOSURE - NON-HAZARDOUS**  
**Last Ten Fiscal Years**

**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**County Employees' Retirement System (CERS)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of net pension liability	0.0679%	0.0754%	0.0710%	0.0737%	0.0916%	0.0929%	0.0852%	0.0886%	0.0845%	
Proportionate share of the net pension liability (asset)	\$ 4,914,500	\$ 4,805,110	\$ 5,442,113	\$ 5,181,174	\$ 5,581,338	\$ 5,439,362	\$ 4,196,465	\$ 3,807,249	\$ 2,740,650	
Covered payroll in year of measurement	1,975,373	2,047,298	2,095,188	1,952,888	2,454,079	2,378,000	2,309,017	2,304,677	2,116,991	
Share of the net pension liability (asset) as a percentage of its covered payroll	248.79%	234.70%	259.74%	265.31%	227.43%	228.74%	181.74%	165.20%	129.46%	
Plan fiduciary net position as a percentage of total pension liability	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	59.97%	59.97%	66.80%	

**Schedule of the City's Contributions**  
**County Employees' Retirement System (CERS)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 498,024	\$ 418,186	\$ 395,129	\$ 404,371	\$ 316,758	\$ 355,351	\$ 331,731	\$ 286,701	\$ 293,846	\$ 290,875
Actual contribution	498,024	418,186	395,129	404,371	316,758	355,351	331,731	286,701	293,846	290,875
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	2,128,309	1,975,373	2,047,298	2,095,188	1,952,888	2,454,079	2,378,000	2,309,017	2,304,677	2,116,991
Contributions as a percentage of covered payroll	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%	13.74%

**Notes to Required Supplementary Information**  
**for the Year Ended June 30, 2023**

The net pension liability as of June 30, 2023, is based on the June 30, 2022, actuarial valuation.. The changes to the elements of the pension expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE I in the Notes to the Financial Statements.

**CITY OF ERLANGER, KENTUCKY**  
**MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT PENSION PLAN DISCLOSURE - HAZARDOUS**  
**Last Ten Fiscal Years**

**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**County Employees' Retirement System (CERS)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of net pension liability	0.6966%	0.8179%	0.7422%	0.7118%	0.7533%	0.7570%	0.7509%	0.7667%	0.7460%	
Proportionate share of the net pension liability (asset)	\$ 21,257,153	\$ 21,774,147	\$ 22,377,903	\$ 19,661,908	\$ 18,218,212	\$ 16,935,997	\$ 12,885,342	\$ 11,769,986	\$ 8,965,223	
Covered payroll in year of measurement	5,469,691	5,106,500	4,673,406	4,374,871	4,626,566	4,166,089	4,445,594	4,114,980	4,097,916	
Share of the net pension liability (asset) as a percentage of its covered payroll	388.64%	426.40%	478.83%	449.43%	393.77%	406.52%	289.85%	286.03%	218.78%	
Plan fiduciary net position as a percentage of total pension liability	47.11%	52.26%	44.11%	46.63%	49.26%	49.80%	57.52%	57.52%	63.46%	

**Schedule of the City's Contributions**  
**County Employees' Retirement System (CERS)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,505,268	\$ 1,852,037	\$ 1,535,014	\$ 1,404,826	\$ 1,087,593	\$ 1,027,098	\$ 904,458	\$ 900,878	\$ 944,535	\$ 892,116
Actual contribution	2,505,268	1,852,037	1,535,014	1,404,826	1,087,593	1,027,098	904,458	900,878	944,535	892,116
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	5,852,063	5,469,691	5,106,500	4,673,406	4,374,871	4,626,566	4,166,089	4,445,594	4,114,980	4,097,916
Contributions as a percentage of covered payroll	42.81%	33.86%	30.06%	30.06%	24.86%	22.20%	21.71%	20.26%	22.95%	21.77%

**Notes to Required Supplementary Information**  
**for the Year Ended June 30, 2023**

The net pension liability as of June 30, 2023 is based on the June 30, 2022, actuarial valuation.. The changes to the elements of the pension expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE I in the Notes to the Financial Statements.

**CITY OF ERLANGER, KENTUCKY**  
**MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT OPEB PLAN DISCLOSURE - NON-HAZARDOUS**  
**Last Ten Fiscal Years**

**Schedule of the City's Proportionate Share of the Net OPEB Liability**  
**County Employees' Retirement System (CERS)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of net OPEB liability	0.0679%	0.0754%	0.0710%	0.0740%	0.0916%	0.0929%				
Proportionate share of the net OPEB liability (asset)	\$ 1,341,417	\$ 1,442,481	\$ 1,714,072	\$ 1,245,370	\$ 1,627,032	\$ 1,868,171				
Covered payroll in year of measurement	1,975,373	2,047,298	2,095,188	1,952,888	2,454,079	2,378,000				
Share of the net OPEB liability (asset) as a percentage of its covered payroll	67.91%	70.46%	81.81%	63.77%	66.30%	78.56%				
Plan fiduciary net position as a percentage of total OPEB liability	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%				

**Schedule of the City's Contributions**  
**County Employees' Retirement System (CERS)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 72,150	\$ 114,177	\$ 97,451	\$ 99,731	\$ 102,722	\$ 115,342	\$ 112,479			
Actual contribution	72,150	114,177	97,451	99,731	102,722	115,342	112,479			
Contribution deficiency (excess)	-	-	-	-	-	-	-			
Covered payroll	2,128,309	1,975,373	2,047,298	2,095,188	1,952,888	2,454,079	2,378,000			
Contributions as a percentage of covered payroll	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%	4.73%			

**Notes to Required Supplementary Information**  
**for the Year Ended June 30, 2023**

The net OPEB liability as of June 30, 2023, is based on the June 30, 2022, actuarial valuation.. The changes to the elements of the OPEB expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE I in the Notes to the Financial Statements.

**CITY OF ERLANGER, KENTUCKY**  
**MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT OPEB PLAN DISCLOSURE - HAZARDOUS**  
**Last Ten Fiscal Years**

**Schedule of the City's Proportionate Share of the Net OPEB Liability**  
**County Employees' Retirement System (CERS)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of net OPEB liability	0.6963%	0.8179%	0.7427%	0.7123%	0.7534%	0.7570%				
Proportionate share of the net OPEB liability (asset)	\$ 5,930,763	\$ 6,613,296	\$ 6,863,101	\$ 5,269,984	\$ 5,371,201	\$ 6,257,829				
Covered payroll in year of measurement	5,469,691	5,106,500	4,673,406	4,374,871	4,626,566	4,166,089				
Share of the net OPEB liability (asset) as a percentage of its covered payroll	108.43%	129.51%	146.85%	120.46%	116.09%	150.21%				
Plan fiduciary net position as a percentage of total OPEB liability	64.13%	66.81%	64.44%	64.24%	64.24%	59.00%				

**Schedule of the City's Contributions**  
**County Employees' Retirement System (CERS)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 396,770	\$ 572,677	\$ 486,139	\$ 444,908	\$ 458,049	\$ 432,584	\$ 389,529			
Actual contribution	396,770	572,677	486,139	444,908	458,049	432,584	389,529			
Contribution deficiency (excess)	-	-	-	-	-	-	-			
Covered payroll	5,852,063	5,469,691	5,106,500	4,673,406	4,374,871	4,626,566	4,166,089			
Contributions as a percentage of covered payroll	6.78%	10.47%	9.52%	9.52%	10.47%	9.35%	9.35%			

**Notes to Required Supplementary Information**  
**for the Year Ended June 30, 2023**

The net OPEB liability as of June 30, 2023, is based on the June 30, 2022, actuarial valuation.. The changes to the elements of the OPEB expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE J in the Notes to the Financial Statements.

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## SUPPLEMENTARY INFORMATION

**CITY OF ERLANGER, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL ASSETS FUND**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts			Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Amendments	Final		
<b>Budgetary fund balances, July 1</b>	\$ 1,021,524	\$ 1,461,753	\$ 2,483,277	\$ 2,483,277	\$ -
<b>Resources (inflows):</b>					
License and permits	2,496,986	707,732	3,204,718	3,204,718	-
Grant revenue	1,281,524	-	995	995	-
Sale of assets	20,000	5,120	25,120	25,120	-
Transfers in	10,900,000	(5,000,000)	5,900,000	5,900,000	-
<b>Amounts available for appropriation</b>	<u>15,720,034</u>	<u>(2,825,395)</u>	<u>11,614,110</u>	<u>11,614,110</u>	<u>-</u>
<b>Charges to appropriations (outflows):</b>					
Capital outlay	8,355,398	(5,054,310)	3,301,088	3,301,088	-
<b>Total appropriations</b>	<u>8,355,398</u>	<u>(5,054,310)</u>	<u>3,301,088</u>	<u>3,301,088</u>	<u>-</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ 7,364,636</u>	<u>\$ 2,228,915</u>	<u>\$ 8,313,022</u>	<u>\$ 8,313,022</u>	<u>\$ -</u>

**Note - Other supplementary information:** The basis of budgeting is the same as GAAP

**CITY OF ERLANGER, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**POLICE FORFEITURE FUND**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts			Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Amendments	Final		
<b>Budgetary fund balances, July 1</b>	\$ 145,357	\$ -	\$ 75,355	\$ 75,355	\$ -
<b>Resources (inflows):</b>					
Fines and forfeitures	2,000	71,827	73,827	73,827	-
Interest	-	-	-	-	-
<b>Amounts available for appropriation</b>	<u>147,357</u>	<u>1,825</u>	<u>149,182</u>	<u>149,182</u>	<u>-</u>
<b>Charges to appropriations (outflows):</b>					
Police vehicles	53,100	(6,001)	47,099	47,099	-
Police equipment	58,050	(16,004)	42,046	42,046	-
<b>Budgetary fund balances, June 30</b>	<u>\$ 36,207</u>	<u>\$ 23,830</u>	<u>\$ 60,037</u>	<u>\$ 60,037</u>	<u>\$ -</u>

**Note - Other supplementary information:** The basis of budgeting is the same as GAAP

**CITY OF ERLANGER, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**PARK FUND**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts			Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Amendments	Final		
<b>Budgetary fund balances, July 1</b>	\$ 500,000	\$ -	\$ 500,000	\$ 500,000	\$ -
<b>Resources (inflows):</b>					
Taxes		550,000	550,000	550,000	-
Interest	-	-	-	-	-
<b>Amounts available for appropriation</b>	<u>500,000</u>	<u>550,000</u>	<u>1,050,000</u>	<u>1,050,000</u>	<u>-</u>
<b>Charges to appropriations (outflows):</b>					
General government	-	735,544	735,544	735,544	-
<b>Budgetary fund balances, June 30</b>	<u>\$ 500,000</u>	<u>\$ (185,544)</u>	<u>\$ 314,456</u>	<u>\$ 314,456</u>	<u>\$ -</u>

**Note - Other supplementary information:** The basis of budgeting is the same as GAAP

**CITY OF ERLANGER, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**TIF FUND**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts			Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Amendments	Final		
<b>Budgetary fund balances, July 1</b>	\$ -	\$ -	\$ 73,602	\$ 73,602	\$ -
<b>Resources (inflows):</b>					
Licenses & Permits	-	87,172	87,172	87,172	-
Interest	-	-	-	-	-
<b>Amounts available for appropriation</b>	<u>-</u>	<u>160,774</u>	<u>160,774</u>	<u>160,774</u>	<u>-</u>
<b>Charges to appropriations (outflows):</b>					
General government	-	-	-	-	-
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ 160,774</u>	<u>\$ 160,774</u>	<u>\$ 160,774</u>	<u>\$ -</u>

**Note - Other supplementary information:** The basis of budgeting is the same as GAAP

**CITY OF ERLANGER, KENTUCKY**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2023**

	<u>Special Revenue Funds</u>			<b>Total Nonmajor Governmental Funds</b>
	<u>Police Forfeiture</u>	<u>Park Fund</u>	<u>TIF Fund</u>	
<b>Assets</b>				
Cash and cash equivalents	\$ 68,642	\$ 368,192	\$ 160,774	\$ 597,608
<b>Total Assets</b>	<u>\$ 68,642</u>	<u>\$ 368,192</u>	<u>\$ 160,774</u>	<u>\$ 597,608</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 8,605	\$ 53,736	\$ -	\$ 62,341
<b>Total Liabilities</b>	<u>8,605</u>	<u>53,736</u>	<u>-</u>	<u>62,341</u>
<b>Fund Balances:</b>				
Restricted	<u>60,037</u>	<u>314,456</u>	<u>160,774</u>	<u>535,267</u>
<b>Total Fund Balances</b>	<u>60,037</u>	<u>314,456</u>	<u>160,774</u>	<u>535,267</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 68,642</u>	<u>\$ 368,192</u>	<u>\$ 160,774</u>	<u>\$ 597,608</u>

**CITY OF ERLANGER, KENTUCKY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2023**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Police Forfeiture	Park Fund	TIF Fund	
<b>Revenues</b>				
Taxes	\$ -	\$ 550,000	\$ -	\$ 550,000
Licenses and permits	-	-	87,172	87,172
Fines and forfeitures	73,827	-	-	73,827
<b>Total Revenues</b>	73,827	550,000	87,172	710,999
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Information systems	-	-	-	-
Police	42,152	-	-	42,152
Fire/EMS	-	-	-	-
Public works	-	-	-	-
Capital outlay	46,993	735,544	-	782,537
<b>Total Expenditures</b>	89,145	735,544	-	824,689
Excess (deficiency) of revenues over (under) expenditures	(15,318)	(185,544)	87,172	(113,690)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	-	-
<b>Net Change in Fund Balances</b>	(15,318)	(185,544)	87,172	(113,690)
<b>Fund Balances - Beginning</b>	75,355	500,000	73,602	648,957
<b>Fund Balances - Ending</b>	\$ 60,037	\$ 314,456	\$ 160,774	\$ 535,267

The accompanying notes are an integral part of these financial statements.

# STATISTICAL SECTION

## STATISTICAL SECTION NARRATIVE

The Statistical Section of the City of Erlanger's Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding the information in the financial statements, notes and supplementary information as it pertains to the overall financial health of the City.

### **Section 1: Financial Trend Data:**

Pages 68-72

These tables contain trend information to help the reader understand how the City's financial status has changed in recent years.

### **Section 2: Revenue Capacity:**

Pages 73-77

These tables contain information to help the reader assess the City's most significant local sources of revenue.

### **Section 3: Debt Capacity:**

Pages 78-81

These tables include information to help the reader assess the affordability of the City's current outstanding debt and its ability to issue additional debt in the future.

### **Section 4: Demographic and Economic Information:**

Pages 82-83

This table shows demographic and economic indicators to help the reader understand the local environment in which the City's financial activities take place.

### **Section 5: Operating Information:**

Pages 84-86

These tables contain service and infrastructure data to help the reader understand how the information contained in this report relates to the City's services and activities.

**CITY OF ERLANGER, KENTUCKY**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting - amounts)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental activities</b>										
Net investment in capital assets	\$ 15,675	\$ 17,008	\$ 18,730	\$ 21,157	\$ 24,155	\$ 26,670	\$ 27,121	\$ 27,858	\$ 33,029	\$ 33,203
Restricted for police equipment	151	151	189	184	216	178	193	145	649	535
Unrestricted	10,687	1,932	2,698	2,928	(5,449)	(9,237)	(11,058)	(12,851)	(11,670)	(7,415)
<b>Total governmental activities net position</b>	<b>\$ 26,513</b>	<b>\$ 19,091</b>	<b>\$ 21,617</b>	<b>\$ 24,269</b>	<b>\$ 18,922</b>	<b>\$ 17,611</b>	<b>\$ 16,256</b>	<b>\$ 15,152</b>	<b>\$ 22,008</b>	<b>\$ 26,323</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-
<b>Total business-type activities net position</b>	<b>\$ -</b>									
<b>Primary government</b>										
Net investment in capital assets	\$ 15,675	\$ 17,008	\$ 18,730	\$ 21,157	\$ 21,455	\$ 26,670	\$ 27,121	\$ 27,858	\$ 33,029	\$ 33,203
Restricted	151	151	189	184	216	178	193	145	649	535
Unrestricted	10,687	1,932	2,698	2,928	(5,449)	(9,237)	(11,058)	(12,851)	(11,670)	(7,415)
<b>Total primary government net position</b>	<b>\$ 26,513</b>	<b>\$ 19,091</b>	<b>\$ 21,617</b>	<b>\$ 24,269</b>	<b>\$ 16,222</b>	<b>\$ 17,611</b>	<b>\$ 16,256</b>	<b>\$ 15,152</b>	<b>\$ 22,008</b>	<b>\$ 26,323</b>

**CITY OF ERLANGER, KENTUCKY**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**

(accrual basis of accounting - amounts in thousands)

Program Revenues	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 553	\$ 476	\$ 482	\$ 442	\$ 288	\$ 404	\$ 706	\$ 342	\$ 1,352	\$ 1,353
Police	1,270	1,428	1,505	1,508	1,546	754	1,001	726	660	795
Fire/EMS	600	673	621	681	557	1,123	1,227	1,163	1,282	1,416
Public works	39	15	13	26	5	219	256	221	225	333
Operating grants and contributions	753	725	639	690	677	705	1,974	1,311	3,640	2,491
Capital grants and contributions	582	24	-	113	97	271	76	234	8	9
<b>Total governmental activities program revenues</b>	<b>3,797</b>	<b>3,341</b>	<b>3,260</b>	<b>3,460</b>	<b>3,170</b>	<b>3,476</b>	<b>5,240</b>	<b>3,997</b>	<b>7,167</b>	<b>6,397</b>
<b>Business-type activities:</b>										
Charges for services:										
Advanced life support	-	-	-	-	-	-	-	-	-	-
Emergency dispatch	510	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>510</b>	<b>-</b>								
<b>Total primary government program revenues</b>	<b>\$ 4,307</b>	<b>\$ 3,341</b>	<b>\$ 3,260</b>	<b>\$ 3,460</b>	<b>\$ 3,170</b>	<b>\$ 3,476</b>	<b>\$ 5,240</b>	<b>\$ 3,997</b>	<b>\$ 7,167</b>	<b>\$ 6,397</b>
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 1,786	\$ 1,827	\$ 1,979	\$ 2,089	\$ 2,410	\$ 2,972	\$ 2,751	\$ 3,473	\$ 2,780	\$ 2,573
Police	5,622	5,779	6,127	6,239	7,580	7,303	8,352	8,227	7,648	7,845
Fire/EMS	3,912	3,986	4,110	4,323	5,250	6,724	6,897	7,004	6,155	6,292
Public works	2,061	2,388	2,607	2,893	3,139	3,584	4,425	3,989	3,871	4,291
Information systems	841	773	670	699	776	691	683	699	349	357
Interest on long-term debt	164	185	160	100	71	44	22	10	7	5
<b>Total governmental activities expenses</b>	<b>14,386</b>	<b>14,939</b>	<b>15,653</b>	<b>16,343</b>	<b>19,226</b>	<b>21,318</b>	<b>23,130</b>	<b>23,402</b>	<b>20,810</b>	<b>21,363</b>
<b>Business-type activities:</b>										
Advanced life support	-	-	-	-	-	-	-	-	-	-
Emergency dispatch	556	-	-	-	-	-	-	-	-	-
<b>Total business-type activities expenses</b>	<b>556</b>	<b>-</b>								
<b>Total primary government expenses</b>	<b>\$ 14,942</b>	<b>\$ 14,939</b>	<b>\$ 15,653</b>	<b>\$ 16,343</b>	<b>\$ 19,226</b>	<b>\$ 21,318</b>	<b>\$ 23,130</b>	<b>\$ 23,402</b>	<b>\$ 20,810</b>	<b>\$ 21,363</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (10,589)	\$ (11,598)	\$ (12,393)	\$ (12,883)	\$ (16,056)	\$ (17,842)	\$ (17,890)	\$ (19,405)	\$ (13,643)	\$ (14,966)
Business-type activities	(46)	-	-	-	-	-	-	-	-	-
<b>Total primary government net (expense)/revenue</b>	<b>\$ (10,635)</b>	<b>\$ (11,598)</b>	<b>\$ (12,393)</b>	<b>\$ (12,883)</b>	<b>\$ (16,056)</b>	<b>\$ (17,842)</b>	<b>\$ (17,890)</b>	<b>\$ (19,405)</b>	<b>\$ (13,643)</b>	<b>\$ (14,966)</b>

continued

**CITY OF ERLANGER, KENTUCKY**

**CHANGES IN NET POSITION**

**Last Ten Fiscal Years**

**(accrual basis of accounting - amounts in thousands)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Taxes and licenses:										
Property taxes, levied for general purposes	\$ 4,143	\$ 4,268	\$ 4,214	\$ 4,158	\$ 4,141	\$ 4,456	\$ 4,408	\$ 4,409	\$ 4,517	\$ 4,947
Public service taxes	367	357	343	369	500	359	341	346	320	43
Payroll license	5,200	5,672	5,785	5,707	5,384	5,544	5,852	4,190	8,376	9,332
Occupational	1,034	1,100	1,160	1,259	1,182	1,389	1,092	1,159	1,644	1,505
Insurance premium	3,062	3,093	3,107	3,315	3,385	3,620	3,702	4,247	4,068	4,361
Other	593	734	664	718	771	880	895	862	-	-
Grants and contributions - non-program specific	174	145	53	8	-	-	-	-	-	-
Investment earnings	35	64	94	38	130	183	765	125	81	765
Miscellaneous	128	142	191	(37)	(32)	100	132	93	(319)	132
Transfers and other	(306)	-	-	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>14,430</b>	<b>15,574</b>	<b>15,610</b>	<b>15,535</b>	<b>15,461</b>	<b>16,531</b>	<b>17,187</b>	<b>15,431</b>	<b>18,687</b>	<b>21,085</b>
<b>Business-type activities:</b>										
Transfers	193	-	-	-	-	-	-	-	-	-
<b>Total business-type activities</b>	<b>193</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 14,623</b>	<b>\$ 15,574</b>	<b>\$ 15,610</b>	<b>\$ 15,535</b>	<b>\$ 15,461</b>	<b>\$ 16,531</b>	<b>\$ 17,187</b>	<b>\$ 15,431</b>	<b>\$ 18,687</b>	<b>\$ 21,085</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 3,841	\$ 3,976	\$ 3,217	\$ 2,652	\$ (595)	\$ (1,311)	\$ (703)	\$ (3,974)	\$ 5,044	\$ 6,119
Business-type activities	147	-	-	-	-	-	-	-	-	-
<b>Total change in net position</b>	<b>\$ 3,988</b>	<b>\$ 3,976</b>	<b>\$ 3,217</b>	<b>\$ 2,652</b>	<b>\$ (595)</b>	<b>\$ (1,311)</b>	<b>\$ (703)</b>	<b>\$ (3,974)</b>	<b>\$ 5,044</b>	<b>\$ 6,119</b>

**CITY OF ERLANGER, KENT**  
**Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**

(modified accrual basis of accounting - amounts in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General fund</b>										
Nonspendable	\$ 125	\$ 103	\$ 104	\$ 96	\$ 91	\$ 112	\$ 370	\$ 210	\$ 198	\$ 210
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	10,392
Unassigned	8,579	10,461	12,533	14,359	14,791	13,173	14,594	4,933	17,351	4,983
Restricted	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
<b>Total general fund</b>	<b>\$ 8,704</b>	<b>\$ 10,564</b>	<b>\$ 12,637</b>	<b>\$ 14,455</b>	<b>\$ 14,882</b>	<b>\$ 13,285</b>	<b>\$ 14,964</b>	<b>\$ 5,143</b>	<b>\$ 17,549</b>	<b>\$ 15,585</b>
<b>All other governmental funds</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	151	151	190	184	216	178	193	145	649	535
Committed	1,993	2,220	2,248	1,857	932	2,283	1,743	2,444	2,483	8,313
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 2,144</b>	<b>\$ 2,370</b>	<b>\$ 2,437</b>	<b>\$ 2,040</b>	<b>\$ 1,148</b>	<b>\$ 2,461</b>	<b>\$ 1,936</b>	<b>\$ 2,589</b>	<b>\$ 3,132</b>	<b>\$ 8,848</b>

In 2010, the City adopted GASB 54, which reclassified reservations of fund balance. The new presentation replaced **Unreserved** with **Unassigned**, and added new classifications for **Nonspendable**, **Committed**, and **Assigned**. Based upon the new guidelines, the City reviewed its classifications and reclassified several balances as **Committed**, **Assigned**, and **Restricted**.

**CITY OF ERLANGER, KENTU**  
**Changes In Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting - amounts in thousands)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Taxes	\$ 4,520	\$ 4,655	\$ 4,538	\$ 4,508	\$ 4,630	\$ 4,904	\$ 4,609	\$ 4,768	\$ 4,893	\$ 5,032
Licenses and permits	9,978	10,600	10,716	10,999	10,723	11,433	11,541	13,256	15,057	16,146
Intergovernmental	1,509	893	692	836	799	1,002	2,067	1,604	3,630	2,517
Fines and forfeitures	59	48	128	64	92	43	60	35	81	1,030
Charges for services	1,812	2,024	2,053	2,143	2,072	642	631	706	890	112
Uses of property/bond assessments	424	429	441	391	280	76	278	51	99	73
Interest	35	64	93	38	130	183	172	125	81	765
Miscellaneous	128	142	169	49	7	69	86	264	(298)	178
<b>Total revenues</b>	<b>18,465</b>	<b>18,856</b>	<b>18,831</b>	<b>19,028</b>	<b>18,734</b>	<b>18,352</b>	<b>19,444</b>	<b>20,809</b>	<b>24,433</b>	<b>25,853</b>
<b>Expenditures</b>										
Current:										
General government	1,640	1,695	1,754	1,890	2,000	2,333	2,226	3,027	2,585	2,399
Police	5,362	5,727	5,663	5,645	6,011	4,996	5,695	5,848	6,109	6,862
Fire/EMS	3,563	3,748	3,620	3,723	4,004	4,421	4,490	4,765	4,811	5,433
Public works	1,572	1,777	1,850	2,124	2,062	2,199	3,087	2,631	2,610	2,949
Information systems	789	747	642	679	702	578	603	672	329	352
Capital outlay	2,500	2,204	2,372	2,681	3,559	3,414	2,238	2,677	5,266	4,023
Debt service										
Principal	732	700	725	775	805	665	70	70	75	80
Interest	150	171	148	88	59	29	9	7	4	1
Other bond costs	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>16,308</b>	<b>16,769</b>	<b>16,774</b>	<b>17,604</b>	<b>19,201</b>	<b>18,635</b>	<b>18,418</b>	<b>19,697</b>	<b>21,789</b>	<b>22,099</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,157</b>	<b>2,087</b>	<b>2,057</b>	<b>1,423</b>	<b>(467)</b>	<b>(283)</b>	<b>1,026</b>	<b>1,112</b>	<b>2,644</b>	<b>3,754</b>
<b>Other financing sources (uses)</b>										
Bonds and other debt issued	-	-	-	-	-	-	-	-	-	-
Refunded bonds paid	-	-	-	-	-	-	-	-	-	-
Transfers in	572	541	635	610	820	2,594	128	1,034	2,300	5,900
Transfers out	(878)	(541)	(552)	(610)	(820)	(2,594)	-	-	(2,300)	(5,900)
<b>Total other financing sources (uses)</b>	<b>(306)</b>	<b>-</b>	<b>83</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>128</b>	<b>1,034</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 1,851</b>	<b>\$ 2,086</b>	<b>\$ 2,139</b>	<b>\$ 1,423</b>	<b>\$ (467)</b>	<b>\$ (283)</b>	<b>\$ 1,154</b>	<b>\$ 2,146</b>	<b>\$ 2,644</b>	<b>\$ 3,754</b>
<b>Debt service as a percentage of non capital expenditures</b>	<b>6.39%</b>	<b>5.98%</b>	<b>6.06%</b>	<b>5.78%</b>	<b>5.52%</b>	<b>4.56%</b>	<b>0.49%</b>	<b>0.45%</b>	<b>0.48%</b>	<b>0.45%</b>

**CITY OF ERLANGER, KENTUCKY**  
**GOVERNMENTAL ACTIVITIES - TAX REVENUES BY SOURCE**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting - amounts in thousands)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Public Service Tax</b>	<b>Total</b>
2014	\$ 4,153	\$ 367	\$ 4,520
2015	4,268	357	4,624
2016	4,214	343	4,557
2017	4,158	369	4,527
2018	4,130	500	4,630
2019	4,545	359	4,904
2020	4,268	340	4,608
2021	4,422	346	4,768
2022	4,501	320	4,821
2023	4,609	304	4,913

**CITY OF ERLANGER, KENTUCKY**  
**ASSESSED VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**(amounts in thousands)**

Fiscal Year  June 30	Real Property		Personal Property	Less: Tax-Exempt Real Property Tax	Total Taxable Assessed Value	Total Direct Rate
	Residential Property	Commercial Property				
2014	\$ 785,057	\$ 455,827	\$ 59,979	\$ 187,841	\$ 1,113,022	0.335
2015	794,521	453,234	73,319	188,207	1,132,867	0.357
2016	811,273	481,245	73,132	193,497	1,172,153	0.347
2017	823,747	487,239	70,984	195,646	1,186,324	0.337
2018	836,490	488,175	82,557	197,868	1,209,354	0.330
2019	860,781	507,502	78,324	213,353	1,233,254	0.323
2020	921,680	543,076	58,435	218,739	1,304,452	0.317
2021	939,821	614,731	87,604	269,844	1,372,312	0.310
2022	985,413	627,090	130,274	271,704	1,471,073	0.307
2023	1,029,406	656,419	125,541	285,218	1,526,148	0.301

Source: Kenton County PVA

**CITY OF ERLANGER, KENTUCKY**  
**DIRECT AND OVERLAPPING GOVERNMENTS PROPERTY TAX RATES (1)**  
**Last Ten Fiscal Years**

Fiscal Year	Direct Rate		Overlapping Rates					Total Direct and Overlapping Rates
	City of Erlanger	State of Kentucky	County					
			Kenton County	Erlanger-Elsmere School District	Library	Area Planning	Other	
2014	0.335	0.1220	0.1480	0.8170	0.1130	0.0293	0.0290	1.5933
2015	0.357	0.1220	0.1480	0.8490	0.1130	0.0293	0.0290	1.6473
2016	0.347	0.1220	0.1480	0.8880	0.1130	0.0293	0.0290	1.6763
2017	0.337	0.1220	0.1480	0.9210	0.1130	0.0290	0.0290	1.6990
2018	0.330	0.1220	0.1480	0.9550	0.1130	0.0290	0.0290	1.7260
2019	0.323	0.1220	0.1590	0.9750	0.1130	0.0295	0.0290	1.7505
2020	0.317	0.1220	0.1590	1.0010	0.1130	0.0268	0.0358	1.7746
2021	0.310	0.1190	0.1540	1.0230	0.1130	0.0225	0.0360	1.7775
2022	0.307	0.1190	0.1440	1.0200	0.1100	0.0210	0.0360	1.7570
2023	0.301	0.1140	0.1330	0.8920	0.1050	0.0200	0.0350	1.6000

(1) Per \$100 assessed valuation

**CITY OF ERLANGER, KENTUCKY**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**Current Year and Ten Years Ago**

Taxpayer	2023			2014		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
United Dairy Farmers, Inc.	\$40,482,117	1	2.40%			
Thoroughbred Health LLC	29,490,300	2	1.75%			
OAP/VER Erlanger, KY LLC	26,350,000	3	1.56%			
Wild Flavors Inc.	24,294,285	4	1.44%			
CCBCC Operations LLC	20,326,160	5	1.21%			
Archer-Daniels-Midland Co	12,458,000	6	0.74%			
Durgo Bag	12,130,578	7	0.72%			
Silverlake Properties LTD	12,000,000	8	0.71%			
Amazon.com Services LLC	11,118,616	9	0.66%			
Circleport Atrium Corp	10,900,000	10	0.65%			
Wild Flavors Inc.				\$35,348,507	1	2.72%
United Dairy Farmers, Inc.				10,717,821	2	0.82%
Dolwick Business Center LLC				9,840,000	3	0.76%
SIR Properties Trust				9,200,000	4	0.71%
MCW RC Kentucky LLC				9,190,000	5	0.71%
MLD Kentucky LLC				9,000,000	6	0.69%
Fath Bluegrass Manor LLC				8,291,600	7	0.64%
Toyota Motor Mfg.				8,046,300	8	0.62%
Jamike Properties LLC				7,847,800	9	0.60%
National Amusements, Inc.				7,181,500	10	0.55%

Source: Kenton County PVA

**CITY OF ERLANGER, KENTUCKY**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**  
**(amounts in thousands)**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percentage of Levy
2014	\$ 3,759	\$ 3,661	97%	39	\$ 3,700	98%
2015	3,769	3,703	98%	58	3,761	100%
2016	3,802	3,688	97%	31	3,719	98%
2017	3,756	3,650	98%	27	3,672	98%
2018	3,708	3,601	98%	34	3,635	98%
2019	3,811	3,752	98%	20	3,772	99%
2020	3,949	3,866	98%	25	3,891	99%
2021	3,957	3,918	99%	27	3,943	100%
2022	4,169	4,108	99%	25	3,582	86%
2023	4,658	4,590	99%	25	3,666	79%

**CITY OF ERLANGER, KENTUCKY**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**  
**(amounts in thousands)**

Fiscal Year	Governmental Activities			Business-type Activities	Total Primary Government	Per Capita	Percentage of Per Capita Personal Income
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Capital Leases			
2014	\$ 2,555	\$ 1,410	\$ -	\$ -	\$ 3,965	\$ 219	0.79%
2015	2,140	1,125	-	-	3,265	181	0.66%
2016	1,715	825	-	-	2,540	140	0.68%
2017	1,255	510	-	-	1,765	98	0.71%
2018	785	175	-	-	960	53	0.82%
2019	295	-	-	-	295	16	1.00%
2020	237	-	-	-	237	13	1.00%
2021	160	-	-	-	190	9	1.00%
2022	81	-	-	-	81	4	0.02%
2023	-	-	-	-	-	-	0.00%

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

**CITY OF ERLANGER, KENTUCKY**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years**  
**(amounts in thousands)**

**Governmental Activities**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
2014	\$ 2,555	\$ -	0.28%	\$ 141
2015	2,140	-	0.19%	118
2016	1,715	-	0.15%	95
2017	1,255	-	0.11%	69
2018	785	-	0.06%	43
2019	295	-	0.02%	16
2020	237	-	0.02%	13
2021	160	-	0.01%	9
2022	81	-	0.01%	4
2023	-	-	0.00%	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) See the Schedule of Assessed Value of Taxable property for property value data.
- (2) Population data can be found in the Schedule of Demographic and Economic Statistics.

**CITY OF ERLANGER, KENTUCKY**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**June 30, 2023**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable<sup>(3)</sup></b>	<b>Estimated Share of Overlapping Debt</b>
<b>Debt repaid with property taxes:</b>			
Kenton County (1)	\$ 76,714,025	10.15%	\$ 7,788,730
Erlanger-Elsmere School District (2)	16,330,000	68.15%	<u>11,128,895</u>
<b>Subtotal, overlapping debt</b>			<u>18,917,625</u>
<b>City of Erlanger direct debt</b>			<u>-</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 18,917,625</u></u>

Source: Kentucky local Debt Report

<sup>(1)</sup> Kenton County Treasurer's office

<sup>(2)</sup> Erlanger-Elsmere Board of Education, Finance Department

<sup>(3)</sup> The percentage overlapping debt applicable to the City is estimated using the percentage of Erlanger residents in each of the overlapping districts as measured by the 2020 U.S. census.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Erlanger. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**CITY OF ERLANGER, KENTUCKY**  
**LEGAL DEBT MARGIN INFORMATION**  
**Last Ten Fiscal Years**  
**(amounts in thousands)**

**Legal Debt Margin Calculation for Fiscal Year 2023**

Assessed value	\$ 1,526,148
Add back: exempt real property	285,218
Total assessed value	<u>\$ 1,811,366</u>
Debt limit (10% of total taxable assessed value)	<u>\$ 181,137</u>
Debt applicable to limit:	
General obligation bonds	-
Less: amount set aside for repayment of general obligation debt	<u>-</u>
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 181,137</u>

	<b>Fiscal Year</b>									
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Debt limit	\$ 130,016	\$ 132,107	\$ 136,565	\$ 138,197	\$ 140,722	\$ 144,661	\$ 164,216	\$ 164,216	\$ 174,278	\$ 181,137
Total debt applicable to limit	2,555	2,140	1,715	1,255	785	295	160	160	81	-
Legal debt margin	127,461	129,967	134,850	136,942	139,937	144,366	164,056	164,056	174,197	181,137
Total debt applicable to the limit as a percentage of debt limit	1.97%	1.62%	1.26%	0.91%	0.56%	0.20%	0.10%	0.10%	0.05%	0.00%

Note: Under state finance law, the City's outstanding debt should not exceed 10 percent of assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

**CITY OF ERLANGER, KENTUCKY**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population<sup>(1)</sup></b>	<b>Total Personal Income Expressed in Thousands<sup>(1)</sup></b>	<b>Per Capita Income<sup>(1)</sup></b>	<b>Median Age<sup>(1)</sup></b>	<b>Unemployment Rate<sup>(2)</sup></b>
2014	18,082	\$ 498,322	\$ 27,559	35.5	5.8%
2015	18,082	498,322	27,559	35.5	4.5%
2016	18,082	498,322	27,559	35.5	4.4%
2017	18,082	498,322	27,559	35.5	4.6%
2018	18,082	498,322	27,559	35.5	3.6%
2019	18,082	498,322	27,559	35.5	4.1%
2020	18,082	498,322	27,559	35.5	13.8%**
2021	18,084	498,322	26,945	35.5	5.0%
2022	19,106	498,322	26,082	39.1	4.6%
2023	19,710	498,322	36,518	39.1	4.6%

<sup>(1)</sup> U.S. Census Bureau - 2020

<sup>(2)</sup> Kentucky Cabinet for Workforce Development

\*\*Due to COVID-19 pandemic

**CITY OF ERLANGER, KENTUCKY**  
**PRINCIPAL EMPLOYERS**  
**Current Year and Ten Years Ago**

2023			2014		
<u>Taxpayer</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Taxpayer</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Wild Flavors	1	10.14%	Toyota Motor/Personnel	1	25.29%
Atlas Air	2	8.45%	Wild Flavors	2	10.08%
Archer Daniels Midland Co	3	6.66%	Toyota Boshoku America	3	6.96%
St Elizabeth Healthcare	4	5.44%	Convergys Management Group	4	4.54%
Toyota Boshoku America	5	4.79%	Schneider Electric USA	5	3.53%
St. Elizabeth Physicians	6	4.12%	Erlanger-Elsmere Bd of Education	6	3.10%
Sun Kentucky	7	2.96%	Gap, Inc.	7	2.58%
Coca Cola Bottling Co	8	2.83%	Clawfoot Supply, Inc	8	2.21%
Erlanger-Elsmere Bd of Education	9	2.34%	City of Erlanger	9	1.93%
Disabled American Veterans	10	1.97%	National Underwriter, CO	10	1.76%
<b>TOTAL</b>		<b><u>49.71%</u></b>	<b>TOTAL</b>		<b><u>61.98%</u></b>

**CITY OF ERLANGER, KENTUCKY**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**Last Ten Years**

<b>Function/Program</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
General Government	13	13	12	16	17	14	14	13	11	9
Public works	12	14	14	14	15	16	17	17	17	19
Police	62	60	58	60	58	47	46	46	39	48
Fire/EMS	34	34	34	34	34	33	33	33	31	33
Parks and recreation	1	1	1	1	1	1	0	0	0	0

Source: Human Resource Department

**CITY OF ERLANGER, KENTUCKY**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**Last Ten Calendar Years**

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Police</b>										
Physical arrests	733	830	770	796	849	849	1,031	834	756	968
Traffic violations	2,258	2,774	3,622	3,701	4,082	3,395	2,232	2,364	3,574	4,355
Parking violations	209	186	241	238	160	160	130	50	66	61
<b>Fire/EMS</b>										
Number of calls answered:										
Fire	1,184	1,236	1,291	1,311	557	749	723	740	786	948
Emergency Medical Services	2,388	2,135	2,201	2,254	2,487	2,573	2,799	2,951	3,347	3,362
Inspections	547	574	591	562	665	540	570	517	422	478
<b>Highways and streets</b>										
Street resurfacing (miles)	1.60	1.05	1.24	1.96	0.87	1.08	1.55	0.94	1.22	0.72

Source: Various City departments

<b>CITY OF ERLANGER, KENTUCKY</b> <b>CAPITAL ASSET STATISTICS BY FUNCTION/PRC</b> <b>Last Ten Years</b>
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Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Public safety</b>										
Police:										
Stations	3	3	3	3	3	1	1	1	1	1
Fire:										
Fire stations	2	2	2	2	2	2	2	2	2	2
<b>Highways and streets</b>										
Street (miles)	70	70	70	70	70	70	70	70	70	70
Streetlights	683	683	693	684	698	722	722	724	724	724
<b>Culture and recreation</b>										
Parks	12	12	12	12	12	12	12	12	12	12
Playgrounds	9	9	9	9	9	9	9	9	9	9
<b>Sanitation</b>										
Contained sanitary/storm sewers (miles)	82	82	82	82	82	82	82	82	82	82

Source: Various City departments

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**To the Honorable Mayor and  
Members of Council of  
City of Erlanger, Kentucky**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Erlanger, Kentucky as of June 30, 2023 and the related notes to the financial statements which collectively comprise the City of Erlanger, Kentucky's financial statements, and have issued our report thereon dated November 30, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Erlanger, Kentucky's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Erlanger, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Erlanger, Kentucky's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Erlanger, Kentucky's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Chamberlin Owen & Co., Inc.*

**Chamberlin Owen & Co., Inc.**

Erlanger, Kentucky

November 30, 2023